



World Benchmarking Alliance Just Transition Methodology

July 2021



**World
Benchmarking
Alliance**

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Executive summary

Sustainable development can only be achieved by striking the right balance between economic, environmental and social components.¹ Decarbonisation of the economy will only succeed if climate justice includes solutions for workers and communities that are underpinned by respect for human rights, in particular of the most vulnerable and the Paris Agreement accounts for ‘the imperatives of a just transition of the workforce and the creation of decent work and quality jobs’.² Companies should contribute to a ‘just’ transition by mitigating negative social impacts of the transition and support an enabling environment by helping to drive robust policy and incentives to accelerate the transition in a responsible manner. The private sector has a critical role to play in facilitating the shift towards a low-carbon world, but it must work in tandem with communities, workers, unions and policymakers to ensure **no one is left behind**.

The World Benchmarking Alliance (WBA) has identified seven systems transformations that need to take place to put our society, planet and economy on a path to achieve the Sustainable Development Goals (SDGs). To turn these transformations into action, WBA, in close collaboration with our Allies, is developing a series of publicly available and free benchmarks that assess and measure the contributions of the 2,000 most influential companies to the SDGs. We call these companies the SDG2000. 450 of these companies have been identified as most influential for the decarbonisation and energy system transformation.

In light of the crucial role the private sector has to play in achieving a low-carbon world, WBA intends to assess these 450 companies by 2023 on their contribution to a just transition by assessing their alignment with the goals of the Paris Agreement alongside their approach to addressing the social challenges of a low-carbon transition.

In this methodology, we present the just transition indicators we will use to assess companies in 2021 and the multistakeholder feedback that has shaped them. We will subsequently assess 180 of the companies in scope of our decarbonisation and energy system transformation: 100 oil and gas companies, 50 electric utilities and 30 automotive manufacturers. In this methodology we also set our aims and expectations for the assessment of company contributions to a just transition in 2021 and beyond.

The WBA just transition assessments will be the first of their kind; publicly available and free rankings of, and insights into, the contributions of globally influential companies from high-emitting sectors to a just transition and their alignment to a low-carbon pathway. These assessments can become a unique and critical accountability mechanism of a decarbonisation and energy transformation that leaves no one behind.

¹ J. Cartwright, “Toward a Just Transition”, World Resources Institute. Available at: www.wri.org/climate/expert-perspective/toward-just-transition.

² United Nations, “Paris Agreement”, 2015. Available at: https://unfccc.int/files/essential_background/convention/application/pdf/english_paris_agreement.pdf.

Introduction

WBA Benchmarks

WBA is benchmarking 2,000 companies across [seven systems transformations](#). To put people at the heart of WBA's benchmarks, we will embed the 'leave no one behind' principle in the food, finance, urban, decarbonisation and energy, digital, and nature transformation benchmarks, by including a set of universal and transformation-specific social indicators in their respective methodologies.

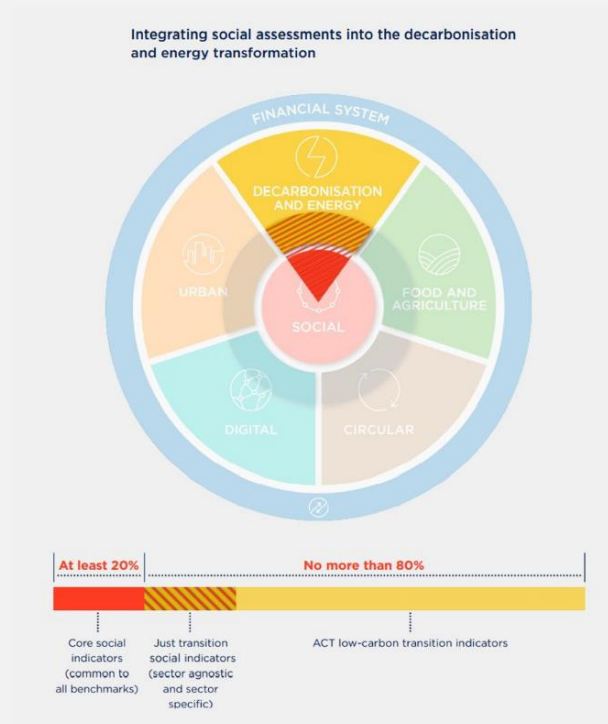
FIGURE 1: WBA'S SEVEN SYSTEMS TRANSFORMATIONS



Just transition: social assessments in the decarbonisation and energy transformation

We are assessing 450 companies within the decarbonisation and energy transformation, measuring their progress against the Paris Agreement and the related SDGs. These companies are currently assessed using Assessing low-Carbon Transition or '[ACT' methodologies](#), with results already being used to generate the [WBA Climate and Energy Benchmark](#).

The 'social transformation' sits at the heart of the WBA model and our [social transformation framework](#) was published in January 2021. With this framework, WBA has committed to integrating social criteria in all our transformation benchmarks. For the decarbonisation and energy transformation, these social criteria will be based on the common set of core social indicators (applicable to all 2,000 companies in scope for WBA's benchmarks) as well as an initial series of just transition indicators that have been developed in 2021. The core social indicators, combined with the just transition indicators and the ACT low-carbon transition indicators, will enable us to measure the 450 Climate and Energy Benchmark companies on their contribution to a just decarbonisation and energy transition.

FIGURE 2: INTEGRATING SOCIAL ASSESSMENTS INTO THE DECARBONISATION AND ENERGY TRANSFORMATION


We will assess 180 companies in the oil and gas, electric utilities, and automotive manufacturing sectors on their decarbonisation performance and trajectories using the **ACT methodologies** in 2021. Alongside these assessments, WBA will pilot ‘**just transition assessments**’, which will bring together **ACT assessments**, assessments with the **core social indicators**, as well as assessments with our new set of **just transition indicators**. The rollout of these indicators, as well as the pilot just transition assessments, will enable WBA to refine our approach to integrating social indicators into fully combined Climate and Energy Benchmark rankings from 2022.

Why we need to assess 450 companies’ contributions to a just transition

Sustainable development can only be achieved by striking the right balance between economic, environmental and social components.³ For the energy transition to contribute to the realisation of human rights and the SDGs, the renewable energy sector must also be sustainable and underpinned by the fundamental corporate responsibility to respect human rights, particularly of the most vulnerable. Companies should therefore contribute to a ‘just’ transition by mitigating negative social impacts of the transition and supporting an enabling environment by helping to drive robust policy and incentives to accelerate the transition in a responsible manner.

The concept of a just transition, which strikes the right balance between the needs to decarbonise on the one hand and to respect the rights of workers and communities on the other, is relatively new and still evolving. Currently it can be understood somewhat differently by different actors, in terms of the expectations it sets for governments, companies, and other stakeholders. The concept of a just transition is established in international goals and agreements. The ‘imperatives of a just transition of the workforce and the creation of decent work and

³ J. Cartwright, “Toward a Just Transition”, World Resources Institute.

quality jobs⁴ is referenced in the 2015 Paris Agreement, the international community's commitment on climate change. Just transition is also addressed in the 2015 Guidelines by the International Labour Organization (ILO)⁵, which aim to enable governments, workers and employers globally to 'leverage the process of structural change towards a greener, low carbon economy, create decent jobs at a large scale, and promote social protection.'⁶ In addition, the Sustainable Development Goals⁷ (SDGs) include multiple targets that together can achieve a just transition. The targets for promoting decent work for all (**SDG 8**) and combating climate change (**SDG 13**) are particularly relevant to this, in combination with the SDG targets for:

- implementing social protection systems (**SDG 1.3**)
- ensuring healthy lives and promoting well-being (**SDG 3**)
- increasing the number of youths and adults who have relevant skills for employment and decent jobs (**SDG 4.4**)
- ending all forms of discrimination against all women and girls (**SDG 5.1**)
- ensuring access to affordable, reliable, sustainable and modern energy for all (**SDG 7**)
- upgrading infrastructure and retrofitting industries to make them sustainable (**SDG 9.4**)
- adopting wage and social protection policies to achieve greater equality (**SDG 10.4**).

A just transition can be described as the transition of economies, sectors and companies to low carbon, socially just and environmentally sustainable activities.⁸ Companies have a key role in this transition, which is critical to both the SDGs and the Paris Agreement.⁹ With global CO₂ emissions from fossil fuels accounting for over two-thirds of global greenhouse gas (GHG) emissions, energy producers like those in the oil and gas and electric utilities sectors have a pivotal role in reducing the world's dependency on carbon, as do other high emitting sectors including automotive manufacturing, transport, construction and real estate, heavy machinery and electrical equipment, and metals and mining.¹⁰ 450 keystone companies in these high emitting sectors are in scope of the WBA's Climate and Energy Benchmark, which aims to assess all these companies by 2023. These 'D&E 450'

⁴ United Nations, "Framework Convention on Climate Change, as contained in the report of the Conference of the Parties on its twenty-first session (FCCC/CP/2015/10/Add.1)", 2015. Available at: unfccc.int/files/meetings/paris_nov_2015/application/pdf/paris_agreement_english.pdf.

⁵ International Labour Organization (ILO), "Guidelines for a just transition towards environmentally sustainable economies and societies for all", 2015. Available at: www.ilo.org/global/topics/green-jobs/publications/WCMS_432859/lang-en/index.htm.

⁶ Ibid.

⁷ "The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 SDGs, which are an urgent call for action by all countries - developed and developing - in a global partnership." United Nations Department of Economic and Social Affairs, "The 17 Goals", 2015. Available at: sdgs.un.org/goals.

⁸ Just Transition Centre and The B Team, "Just Transition: A Business Guide", 2018. Available at: bteam.niceandserious.com/assets/reports/Just-Transition-A-Business-Guide.pdf.

⁹ UNFCCC, "Just transition of the workforce, and the creation of decent work and quality jobs (technical paper)", United Nations Framework Convention on Climate Change (UNFCCC), 2016. Available at: unfccc.int/sites/default/files/resource/docs/2016/tp/07.pdf.

¹⁰ These sectors are in scope of WBA's Climate and Energy Benchmark. See further: World Benchmarking Alliance, "It takes a system to change a system: Seven systems transformations for benchmarking companies on the SDGs", 2021. Available at: <https://assets.worldbenchmarkingalliance.org/app/uploads/2021/07/Systems-Transformations-Report-2021-FINAL.pdf>.

companies employ around 24 million people¹¹ and impact hundreds of millions of others through their products, services, business activities and supply chains.

The benefits of making this transition to a low carbon economy just and equitable for workers and communities outweigh the costs. If managed well, the transition will ‘prevent the immense human and economic costs of climate disruption and ... generate net new jobs and reduce inequality.’¹² The ILO estimates that climate policies and a shift to sustainable practices could result in a global net increase of 18 million jobs.¹³ If not managed well, the transition could be prevented, or result in both stranded assets and stranded workers and communities, which also represent a systemic risk for companies and investors.¹⁴ If people are not actively involved in decision making and states do not implement their existing rights obligations, people will likely act to prevent the transition. Ultimately, the transition to a low carbon society will not be successful if commitments to implementing social standards are not prioritised alongside commitments to decarbonise.

Underpinning a just transition is the corporate responsibility to respect human rights outlined in the UN Guiding Principles on Business and Human Rights (UNGPs). Within the context of the low carbon transition, the UNGPs establish how companies should address the human rights impacts of decarbonisation; companies should avoid causing or contributing to harm caused by their activities and prevent or mitigate adverse impacts that are linked to their operations, products or services by their business relationships.¹⁵ As this is fundamental to the realisation of the SDGs, the 180 companies in scope will be assessed on their respect for human rights under the UNGPs in the core social indicators.

While some progress is being made by companies on the low carbon transition, the concept of a ‘just transition’ is still relatively new. Our preliminary research on a sample of companies from the D&E 450 showed the majority are not demonstrating actions to support a just transition, while other third party research has shown that a minority, particularly European electric utilities, have begun to move in the right direction.¹⁶ By developing and using just transition assessments, WBA will enable companies to see the roadmap for change and provide industries, investors, civil society, governments and wider stakeholders with information to make informed choices in areas such as policy, engagement and capital allocation. In the following sections, we set out the development of the methodology, the key issues for a just transition and our set of fundamental just transition indicators that will be used to provide the first just transition assessments in 2021.

¹¹ This is an estimated figure from WBA’s SDG2000 assessment, of the list of 450 companies to be assessed in the WBA Climate and Energy Benchmark by 2023. List of companies available at: www.worldbenchmarkingalliance.org/sdg2000/.

¹² Robins, N., Brunsting, V., and Wood, D., “Climate change and a just transition: A guide for investor action”, Grantham Research Institute on Climate Change and the Environment and the Initiative on Responsible Investment, 2018. Available at: www.lse.ac.uk/granthaminstitute/wp-content/uploads/2018/12/Climate-change-and-the-just-transition_Guide-for-investor-action.pdf.

¹³ ILO, “World Employment and Social Outlook 2018: Greening with Jobs”, 2018. Available at: www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_628654.pdf.

¹⁴ See 12

¹⁵ OHCHR, “Guiding Principles for Business and Human Rights”, Office of the United Nations High Commissioner for Human Rights, 2011. Available at: https://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf.

¹⁶ Robins, N., Szwarc, K., and Müller, S., “From the Grand to the Granular: Translating just transition ambitions into investor action”, Grantham Research Institute on Climate Change and the Environment and Centre for Climate Change Economics and Policy, London School of Economics and Political Science, (draft, unpublished as at June 2021).

Just transition assessments

Developing this methodology – how we did it

In [WBA's approach to assessing a just transition](#), we published six high-level just transition topics to guide indicator development. They built on the work of numerous organisations including, amongst others, the ILO, The B Team, the Just Transition Centre, and BSR, as well as the IHRB's Just Transitions Programme and their [Just Transitions For All](#) paper. In developing the topic list, we also consulted representatives of civil society organisations and investor initiatives to understand their expectations. As such, the topics encompass a series of expectations placed on companies by international norms and standards and articulated by unions, business initiatives and other actors; expectations which need to be met as part of a just transition. To develop and refine the topics and the indicators that will be used in the 2021 assessments we:

1. Undertook desk-based scoping research, including a mapping of existing WBA indicators and those of our Allies and other key stakeholders that relate to a just transition.
2. Synthesised findings from the 2020 Climate and Energy Benchmark (CEB) and Corporate Human Rights Benchmark (CHRB) of 30 keystone automotive manufacturing companies, published in WBA's 'Approach to assessing a just transition' (published February 2021).
3. Engaged in dialogues with expert stakeholders in relation to the scope of just transition topics (October 2020 – January 2021).
4. Set up the WBA Just Transition Advisory Group (JTAG), bringing together multistakeholder experts on just transition (February – April 2021).
5. Published our draft just transition methodology containing six draft indicators (March 2021).
6. Held a public consultation on the draft just transition methodology (April – May 2021).
7. Incorporated feedback into this final methodology (June 2021).
8. Published this final methodology (July 2021).

Steps 1 to 5 are discussed in [WBA's approach to assessing a just transition](#) and [WBA's draft just transition methodology](#) and are not repeated in detail here.

Just Transition Advisory Group – participants and key learnings

The WBA Just Transition Advisory Group (JTAG) is a group of experts from multiple stakeholder constituencies. The JTAG has an advisory role in the formulation of the just transition indicators and their application for company assessments. The JTAG will also identify opportunities for collective impact, in support of the just transition and changing company behaviour. The 16 members have expertise across just transition topics and bring perspectives from labour unions, civil society, business and employers, policy makers, and investors and are based across five continents. The full list of members as at July 2021 is at [Annex 3](#).

The first full meeting of the JTAG was held in April 2021 to share perspectives and bring together topics and views that had arisen in one-to-one calls between WBA and each of the members. Leading thinkers from the labour and trade union organisations impressed upon this work the need for social dialogue to be front and centre. There were several emerging themes in terms of the value of WBA's just transition assessments, which capture the shared goals of the WBA and the JTAG for this work. The shared goals are summarised below:

- To set global expectations: the common fundamentals, the norms expected and what good practice looks like for companies' contributions to a just transition.

- To help avoid repeating past mistakes; for example not carrying forward the abusive practices that have been prevalent in certain high-emitting sectors into the low carbon economy.
- To collaborate on research, company assessments/benchmarking and engagement and to not replicate each other's work.
- To change business practices, moving away from current problematic models.
- To make just transition measurable and help companies start on their path.
- To drive action; supporting engagement with companies and progressing policy, investor and finance discussions.
- To acknowledge many companies are at the start of this journey, but to ensure the assessments do not set a low level of ambition.
- To learn from different backgrounds and integrate different insights.

Stakeholder consultations – participants and key learnings

In May and June 2021, WBA publicly consulted a range of stakeholders on the draft just transition methodology through an online technical survey and four roundtables, including:

- Two multistakeholder roundtables, attended by over 70 participants from civil society organisations, financial institutions, business, academic and governments and representing voices from Europe, North America, Latin America, Africa and the Asia-Pacific regions.
- One roundtable specifically for civil society organisations.
- One roundtable with the PRI Investor working group on the just transition and the Finance for Tomorrow taskforce on the just transition.

See [Annex 2](#) for participants of the roundtables and/or respondents to the survey

A key learning from the consultations was that the 'expectations' need to go further than the draft indicator requirements; to outline best practice and provide a roadmap for companies, while the indicators need to be simple and suitable to measuring companies' contributions to a just transition, noting that it is a relatively emergent topic.

Civil society organisations raised a series of [key issues](#) for the just transition including: communities' rights, land rights, and rights of indigenous peoples; human rights defenders, racial justice and intersectionality; how to address serious allegations and assess issues along the supply chain; the paramount importance of meaningful social dialogue and stakeholder engagement; and the contextual differences between the Global South and Global North.

Investors raised the need to consider the nuances in investor expectations for the utilities sectors, physical risk and adaptation relating to sectors with high levels of employment in areas most affected by climate change and that the term 'just transition' is not used globally. They also raised the need for the assessments to be used to help investors go beyond business as usual and to understand best in class examples of company contributions to the just transition in global and local contexts. One other suggestion included borrowing from established investor climate and social frameworks (e.g. TCFD) with the idea of being transparent with companies around where investors can expect the most control and attribution of impact and action in order for them to maintain credibility and control when companies push back by referencing alignment with local regulation.

Companies themselves engaged and voiced that the assessments are timely and will be useful in providing a roadmap for the private sector. They also acknowledged that the term 'just transition' is not necessarily commonly used so it is important to clarify what company action on respecting human rights in the energy transition should look like, and that for some companies which only have clean energy activities, some of the indicators would not

be relevant. They also voiced the challenges of aligning lobbying efforts to both climate and social issues when there is tension between them, and their view that the primary responsibility for social protection falls on governments not companies.

[Annex 1](#) provides an overview of the feedback received and high-level responses from WBA.

Scope and depth of the methodology: just transition fundamentals to assess companies in high emitting sectors

Just transition is an emerging concept. With the need to transition to a low-carbon economy touching a large number of business sectors, there are arguments for a just transition assessment in an equivalent number of sectors. At this stage, WBA is prioritising the high-emitting sectors which are critical for the decarbonisation and energy system transformation.

FIGURE 3: SCOPE OF THE WBA JUST TRANSITION METHODOLOGY 2021

The scope of WBA's **just transition** methodology currently covers the companies in high emitting sectors in the scope of the Climate and Energy Benchmark. 'Just transition' can be used to refer to socially equitable transitions in other sectors. From 2022, the World Benchmarking Alliance (WBA) will integrate **social criteria into all our benchmarks** to ensure they represent transformations which 'leave no one behind'. Learn more about how WBA is building assessments of the [2,000 companies and financial institutions in scope for our benchmarks](#) using our [social transformation framework](#), including in the [food and agriculture](#), [digital](#), and [financial](#) transformations, as well as publishing spotlight social assessments on [human rights](#) and [gender](#).

Why we are assessing the fundamentals of companies' contributions to the just transition

One key decision was to decide the depth and detail of our just transition assessments. We considered the option of creating very detailed, in-depth indicators for these assessments. We could have chosen to emulate the granularity of the ACT methodologies, tailoring an assessment for each of the sectors in scope of our decarbonisation and energy transformation in a detailed way. For example, ACT methodologies have one module on the management of climate change issues, which contains five indicators assessing board level oversight of climate changes issues, board level expertise on climate change, the contents of the company's low carbon transition plan and management remuneration incentives to do climate action and climate change scenario testing/analysis. The just transition indicators could have followed this approach, which would have aligned with the expectations of some stakeholders – in particular civil society actors – who have clear, granular expectations of companies to have practices that respect human rights applied to specific topics such as land, water, environmental harms and Free, Prior and Informed Consent (FPIC).

We recognise that these issues are highly relevant to many of the business activities of the companies in scope of our D&E transformation, but they are not necessarily relevant to every company in scope for our assessments. By choosing to focus on fundamentals, some of these more detailed topics will not be covered in our first assessments, but they are not ignored; in our key issues relating to a just transition section at page 35, we set out more detail on these issues and how we can address these in WBA's work going forward. This includes highlighting them as part of the key expectations from stakeholders on companies, exploring how to incorporate them into

WBA's future assessments, and working closely with allies that are looking into these issues in more detail in their own work.

Our focus on the fundamentals of companies' contributions to the just transition is grounded in the simplicity and urgency required to assess a proposed 340 companies on a relatively emerging topic across five sectors by the end of 2022. WBA recognises that, while some companies are demonstrating efforts to contribute to the just transition,¹⁷ most companies are at the beginning of formulating a comprehensive approach to delivering the low carbon transition **in tandem** with mitigating the negative social impacts and maximising the positive social impacts of decarbonisation.¹⁸ While many stakeholders have done ground-breaking work on understanding the private sectors' role in contributing to a just transition, the granularity in terms of the steps companies should be taking and how to assess them is just starting to take shape. **WBA has therefore focused on developing a roadmap for companies to spark a movement to drive change on the just transition, while capturing, at scale, whether and to what extent companies have started on the journey.** As such, through our series of **fundamental just transition indicators** that can be applied to all sectors, we will gain an understanding of the current 'state of play' of companies' contributions to the just transition.

The 2021 assessments will therefore distinguish those companies who have started on the path towards contributing to a just transition by taking into consideration and addressing the impacts of the transition on workers and communities, from those who have not. By assessing the first 180 companies in scope on these fundamental actions in 2021, we will learn what works well and whether we need to revise and build on the assessment for future iterations, perhaps by developing sector-specific indicators focused on key issues raised in the consultation. Our sector specific indicators section below details our thinking about developing some additional indicators relevant for each sector in scope from 2022.

Even when we take this fundamentals approach, based on our research to date, we expect that a large majority of the 180 companies being assessed in 2021 will score poorly on our core social and just transition indicators. We considered whether to reduce the ambition of the indicators to increase the ability to distinguish between companies, however our current indicators are grounded in fundamental expectations rooted in internationally agreed norms and standards. The assessment of these should not be diluted and, despite the current reality of company disclosure, they underpin best practice which is fundamental to the realisation of human rights and sustainable development.

Our road ahead section at page 39 details what we plan to produce by way of key findings for each of the three sectors in scope for assessment in 2021. The next section presents the indicators we will use to generate those findings.

¹⁷ Robins, N., Szwarc, K., and Müller, S., "From the Grand to the Granular: Translating just transition ambitions into investor action", Grantham Research Institute on Climate Change and the Environment and Centre for Climate Change Economics and Policy, London School of Economics and Political Science, (draft, unpublished as at June 2021).

¹⁸ Our consultations, our synthesis of findings from the 2020 Climate and Energy Benchmark (CEB) and Corporate Human Rights Benchmark (CHRB) of 30 keystone automotive manufacturing companies, and our preliminary search of a small sample of companies from the D&E450, support this finding.

Methodology

Format, scoring and weighting of the just transition indicators

Format

The next section details each of the six just transition indicator (JTI 1-6). Each JTI follows a set format: the indicator text, indicator elements, indicator guidance, sources, scores available, weighting, and which WBA core social indicator(s) and ACT indicator(s) the JTI builds on or works with. Each indicator is introduced by a set of 'expectations'. The expectations are what companies should be doing and speak to 'what good looks like'. The indicator itself points towards these expectations but is necessarily less detailed.

Scoring

Each JTI will be scored on a scale of 0 to 2 points. Indicators will be scored on publicly available information. The research will focus on the most recent published information (within the last three years) to ensure it is relevant to the just transition. Each indicator explains in the scores available section how meeting the elements equates to a score between 0 and 2 points. For simplicity, each indicator has four indicator elements, (a) to (d), with each element normally representing 0.5 points. For example, meeting elements (a) and (b) but not (c) or (d) would result in getting 1 point out of a maximum of 2.

Weighting

Each JTI will be singly weighted, except for JTI 1 (on the fundamentals of social dialogue and stakeholder engagement in a just transition) and JTI 2 (on the fundamentals of just transition planning). Given the relative importance of these indicator topics, JTI 1 and JTI 2 will be double weighted – so the maximum 2 points available will represent 4 points. As such, the 6 just transition indicators will represent a total of 16 points.

There are 18 core social indicators, two of which are double weighted, giving a maximum score of 20 points. In 2022, the relative weighting of the core social indicators, the just transition indicators and the ACT indicators will be confirmed for a fully integrated ranking.

Just transition indicators

This section presents both the **expectations** stakeholders have of how companies should contribute to a just transition and the indicators we will use to assess whether companies are on the path to meeting those expectations. These indicators have been revised based on feedback received during our methodology consultation period. The draft indicators are available [here](#).

In this methodology, we have aligned the definitions with other WBA methodologies. This table on the following pages set out these definitions and what they mean in practice in the just transition methodology.

For each indicator area, we first present the expectations of companies' contributions as defined by international norms and standards, or emerging good practice. We then present the indicator elements (a) to (d) which represent the **fundamental actions** that are required by companies in any high-emitting sector to contribute to achieving a just transition. As we have deliberately limited the scope of these fundamental indicators, there are cases where we have established an expectation on a company but this is not reflected in the detail of the indicators themselves.

FIGURE 4: DEFINITIONS

WBA social transformation and just transition methodology definitions	Application in the just transition methodology
Worker: An individual performing work for a company, regardless of the existence or nature of any contractual relationship with that company.	This covers workers in the company's own operations, and includes full-time and part-time employees, workers (including those with zero hours contracts) and individual contractors with a contractual relationship with the company's own operations.
Affected stakeholder: An individual whose human rights have been or may be affected by a company's operations, products or services. ¹⁹	This covers any potentially or actually affected stakeholder. Many communities will be affected in the energy transition, positively or negatively. This is emphasized in the indicator element guidance where relevant.
Business relationships: The relationships a company has with business partners, entities in its value chain and any other State or non-State entity directly linked to its operations, products or services. They include indirect relationships in its value chain, beyond the first tier, and minority as well as majority shareholding positions in joint ventures. It covers both upstream and downstream relationships. ²⁰	<p>A just transition will impact not only the workers of companies' own operations but those in their value chain. The expectations and indicators in this methodology therefore specify where companies are expected or required to take action to influence their business relationships and/or plan for the impact of the just transition on them.</p> <p>Business relationships include entities and individuals in both the upstream and downstream part of the value chain. Consumers of energy and products, especially those currently without access to sustainable energy, will be affected by a decarbonisation and energy transition. The indicator element guidance therefore emphasises what company action we assess in relation to these stakeholder groups.</p>
<p>Vulnerable groups: Groups of individuals with a specific condition or characteristic (e.g., economic, physical, political, social) that could experience negative impacts as a result of the organization's activities more severely than the general population.</p> <p>Examples: children and youth; elderly persons; ex-combatants; HIV/AIDS-affected households; human rights defenders; indigenous peoples; internally displaced persons; migrant workers and their families; national or ethnic, religious and linguistic minorities; persons who might be discriminated against based on their sexual orientation, gender identity, gender expression, or sex characteristics (e.g., lesbian, gay, bisexual, transgender, intersex);</p>	<p>Vulnerable groups have specific rights and are often disproportionately affected by the activities of companies in high emitting sectors.</p> <p>The expectations and indicators in this methodology therefore specify where companies are expected or required to take action to respect vulnerable groups' rights.</p> <p>You can read more about how the specific rights of such groups are fundamental for a just transition, and how WBA acknowledges this, in our key issues sections below.</p>

¹⁹ WBA, "Social transformation framework", 2021. Available at: assets.worldbenchmarkingalliance.org/app/uploads/2021/02/WBA-Social-Transformation-Framework-FINAL.pdf.

²⁰ Ibid

WBA social transformation and just transition methodology definitions	Application in the just transition methodology
<p>persons with disabilities; refugees or returning refugees; women.</p> <p>Note: Vulnerabilities and impacts can differ by gender.²¹</p>	

There are expectations on businesses in how they address the four key stakeholder groups defined above in their approach to a just transition. Because of the different relationships, companies are more or less strongly linked to certain stakeholder groups. The indicators reflect these relationships by using language which understands the limitations on companies to exercise control (e.g. understanding where it is feasible for a company to ‘require something from’, versus ‘have an expectation of’ a third party). The table below sets out the broad scope of the indicators in relation to the stakeholder groups.

FIGURE 5: SCOPE OF EXPECTATIONS VS INDICATOR ELEMENTS

	Scope of indicator requirements on workers, affected stakeholders, business relationships and vulnerable groups			
JTI	Workers	Affected stakeholders	Business relationships	Vulnerable groups
1 – social dialogue and stakeholder engagement	JTI 1(a) JTI 1(b) JTI 1(c) JTI 1(d)	JTI 1(b) JTI 1(c) JTI 1(d)	An expectation but it is not assessed in the indicator.	JTI 1(b)
2 – just transition planning	JTI 2(a) JTI 2(b)	JTI 2(a) JTI 2(c)	JTI 2(d)	JTI 2(c)
3 - creating and providing or supporting access to green and decent jobs	JTI 3(a) JTI 3(b) JTI 3(c) JTI 3(d)	JTI 3(a) JTI 3(b) JTI 3(c) JTI 3(d)	An expectation but it is not assessed in the indicator.	JTI 3(d)
4 - retaining and re- and/or up-skilling	JTI 4(a) JTI 4(b) JTI 4(c) JTI 4(d)	JTI 4(a) JTI 4(b) JTI 4(c) JTI 4(d)	An expectation but it is not assessed in the indicator.	JTI 4(d)
5 - social protection and social impact management	JTI 5(a) JTI 5(b) JTI 5(c)	JTI 5(a) JTI 5(b) JTI 5(d)	JTI 5(a)	An expectation but it is not assessed in the indicator.
6 - advocacy for policies and regulation	JTI 6(a) JTI 6(b) JTI 6(c) JTI 6(d)	JTI 6(a) JTI 6(b) JTI 6(c) JTI 6(d)	An expectation but it is not assessed in the indicator.	An expectation but it is not assessed in the indicator.

²¹ GRI, “GRI Universal Standards 2021”, 2021. Available at: <https://www.globalreporting.org/media/2hybifz0/item-03-gri-universal-standards-project-gri-universal-standards-2021.pdf>.

JTI 1: Fundamentals of social dialogue and stakeholder engagement in a just transition

Expectations

Companies are expected to engage in meaningful social dialogue and stakeholder engagement on a just transition:

- Company planning for a just transition – which is covered in more depth in indicator 2 – should be centred around respect for the fundamental principles and rights at work²², with freedom of association and collective bargaining at its core.
- Companies should engage in continuous **social dialogue** with workers, unions (or equivalent worker bodies where the right to freedom of association and collective bargaining is restricted under law) and, where necessary, governments to explore climate-related risks and opportunities and anticipate the impacts of decarbonisation on workers and communities.²³
 - A key objective of social dialogue²⁴ is to promote the exchange of information and proposals to achieve a degree of consensus on company plans.²⁵ As one of the ILO's four pillars of decent work, social dialogue should guarantee the effective participation of workers and unions (or equivalent worker bodies where the right to freedom of association and collective bargaining is restricted under law) and meaningful negotiation so that they have the opportunity to influence decisions and outcomes.²⁶
- Companies should undertake social dialogue and stakeholder engagement at the global, national, regional, sectoral and local levels, taking into account the impact of the low carbon transition on workers and communities along their entire value chain. This should be done through appropriate institutional arrangements that are adapted to ensure the participation of all relevant stakeholders in the building of just transition policy frameworks.²⁷
- Companies should work with their business partners to engage with stakeholders in a meaningful way and place expectations on business partners to respect the rights of stakeholders during engagement.
- Companies should have employee representation at the board level and engage in a regular dialogue with workers and unions that ranges from initial conversations on the challenges of a just transition to target-setting and delivery through planning, monitoring, and reporting.
- Companies should have a public expectation that their business relationships will engage in social dialogue and with affected stakeholders on the just transition.

²² The ILO Declaration on Fundamental Principles and Rights at Work 1998 covers the following four fundamental principles and rights at work, laid out in eight conventions: freedom of association and the effective recognition of the right to collective bargaining (Convention No. 87 & No. 98), elimination of all forms of forced or compulsory labour (Convention No. 29 & No. 105), effective abolition of child labour (Convention No. 138 & No. 182), elimination of discrimination in respect of employment and occupation (Convention No. 100 & No. 111).

²³ In certain jurisdictions, it is a legal requirement for specific social partners to be involved in developing, negotiating and agreeing to company plans.

²⁴ See definition below at page 19.

²⁵ TUDCN-RSCD, "The contribution of Social Dialogue to the 2030 Agenda: Promoting a Just Transition towards sustainable economies and societies for all", 2019. Available at: <https://www.ituc-csi.org/IMG/pdf/sdjt-final-en.pdf>.

²⁶ ILO, "Guidelines for a just transition towards environmentally sustainable economies and societies for all", 2015. Available at: https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/documents/publication/wcms_432859.pdf

²⁷ Ibid.

- Companies should consult with all relevant stakeholders, including communities and civil society organisations particularly concerned with climate justice and labour and human rights, to enable all stakeholders to share knowledge and negotiate a direction.²⁸
- Companies should have a process for deciding which stakeholders to engage with and how regularly, while ensuring that they take into consideration the needs of all actual and potentially affected stakeholders, including vulnerable and marginalised groups. For these indicators, we follow the definition of vulnerable groups mentioned above, which includes children and youth and indigenous peoples, and expect companies to take action to respect their specific rights.
- Companies should ensure stakeholder groups are composed with racial and gender diversity to ensure that companies are not excluding populations from its engagement.
- Discussion between companies and stakeholders can be formal or informal, however, it should be transparent and inclusive (including of racial and gender diversity), ensuring that stakeholders have all the information required to understand the transition and fully exercise their rights through appropriate communication channels.
- In negotiations, companies and their stakeholders should discuss how employers will work to ensure new as well as current jobs are decent, provide reskilling and development opportunities for the workforce, contribute to social protection and advocate for just transition policies.²⁹

The below indicator does not assess all of the expectations on companies but rather the elements of the expectations which are fundamental to their contribution to a just transition.

JTI 1	Fundamentals of social dialogue and stakeholder engagement in a just transition	
Indicator	The company commits to social dialogue, discloses the categories of stakeholders it engages with on a just transition and demonstrates ongoing social dialogue and meaningful engagement with affected stakeholders.	
Indicator element(s)	<p>(a) The company has a public commitment to engage in social dialogue with appropriate parties for bipartite or tripartite negotiations³⁰, including workers, unions or equivalent worker bodies (where the right to freedom of association and collective bargaining is restricted under law).</p> <p>AND</p> <p>(b) The company discloses the categories of stakeholders it engages with on a just transition and how they are identified (at a minimum including workers, unions or equivalent worker bodies where the right to freedom of</p>	<p>Indicator element guidance</p> <p>It is not necessary for the company to use the term ‘just transition’. However, the information disclosed by the company must show a link between the low carbon (energy) transition and the social impacts of this.</p> <ul style="list-style-type: none"> • Indicator element (a) would – for example - be met by a framework agreement with global unions or one or more just transition agreements with representatives of the majority of its workforce. The commitment must be in writing.

²⁸ WWF, “Toolkit for assessing effective Territorial Just Transition Plans”, 2021. Available at: <https://just-transitions-plan.wwf.eu/en>.

²⁹ Just Transition Centre and The B Team, “Just Transition: A Business Guide”, 2018. Available at: <https://bteam.org/our-thinking/reports/just-transition-a-business-guide>.

³⁰ See definition at page 19.

	<p>association and collective bargaining is restricted under law, and affected stakeholders).</p> <p>AND</p> <p>(c) The company discloses the steps it takes to engage with identified stakeholders (at a minimum including workers, unions or equivalent worker bodies where the right to freedom of association and collective bargaining is restricted under law, and affected stakeholders) as part of its approach to supporting a just transition.</p> <p>AND</p> <p>(d) The company demonstrates social dialogue and meaningful engagement with stakeholders (at a minimum including workers, unions or equivalent worker bodies where the right to freedom of association and collective bargaining is restricted under law, and affected stakeholders) on all aspects of a just transition.</p>	<ul style="list-style-type: none"> • To meet element (b), the company must at least: <ul style="list-style-type: none"> ○ disclose the categories of stakeholders it engages with on the social impacts of the low carbon (energy) transition, including any vulnerable groups; ○ include workers and communities in the stakeholders engaged; and ○ disclose how the stakeholders are identified. • Indicator element (c) would be met – for example – by a description of the steps the company takes to engage with identified stakeholders as part of its approach to managing the social impacts of the low carbon (energy) transition. • To meet element (d), the company must at least: <ul style="list-style-type: none"> ○ disclose one example of social dialogue on a just transition; and ○ disclose one example of engagement with affected stakeholders on a just transition; and ○ explain how it ensures that this engagement is meaningful and ongoing; for example, the frequency of the engagement is appropriate to the context and/or there is a mechanism in place for identified stakeholders, including vulnerable groups, to continue to be engaged with, by reference to the OECD Due Diligence Guidance on meaningful engagement. <p>Social dialogue on all aspects of a just transition means that the following aspects are discussed in the dialogue: just transition planning; creating and providing or supporting access to green and decent jobs for an inclusive and balanced workforce; retaining and re- and/or up-skilling workers for an inclusive, balanced workforce; social protection and social impact management; and lobbying for policies and regulation supporting a just transition.</p>
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Sources	ILO Fundamental Principles and Rights at Work 1998; ILO, “Guidelines for a just transition towards environmentally sustainable economies and societies for all”; Just Transition Centre and The B Team, “Just Transition: A Business Guide”; IHRB, “Connecting the Just Transition and Business and Human Rights Agenda”; SEI, “Seven principles to realize a just transition to a low carbon economy”; OHCHR, “Report on the “just transition” in the economic recovery: eradicating poverty within planetary boundaries”; LSE Grantham Research Institute and the Initiative on Responsible Investment, “Climate change and just transition: A guide for investor action”; GRI Disclosure 2-29 (specifically 2-29-a-i ³¹ , 2-29-a-iii ³² and guidance to these).	
Scores available	The company must meet all four elements to score 2 points, three out of the four elements to score 1.5 points, two elements to score 1 points, one element to score 0.5 points and no elements to score 0 points.	
Weighting	Double weighting (4 points out of 16 available).	
Which ACT indicators and WBA Core Social Indicators does this Just Transition Indicator build around?	<p>Just transition indicator 1 builds around the following WBA core social indicators (CSIs):</p> <p>CSI 6: Engagement with affected and potentially affected stakeholders CSI 12: Collective bargaining fundamentals</p> <p>This indicator does not include how companies fulfil fundamental expectations on engagement with affected and potentially affected stakeholders in the identification and assessment of their human rights risks, which is included in CSI 6.</p> <p>It also does not include how companies fulfil fundamental expectations on collective bargaining, which is included in CSI 12.</p>	

Useful definitions	
Parties in bipartite negotiations	Bipartite parties are: (i) workers, unions or equivalent worker bodies where the right to freedom of association and collective bargaining is restricted under law and (ii) employers. These parties are known as social partners.
Parties in tripartite negotiations	Tripartite parties are: (i) workers, unions or equivalent worker bodies where the right to freedom of association and collective bargaining is restricted under law; (ii) employers; and (iii) governments.
Social dialogue	‘All types of negotiation, consultation or simply exchange of information between, or among, representatives of governments, employers and workers, on issues of common interest relating to economic and social policy. It can exist as a tripartite process, with the government as an official party to the dialogue or it may consist of bipartite relations only between labour and management (or trade unions and employers' organisations), with or without indirect government involvement. Social dialogue processes can be informal or institutionalised, and often it is a combination of the two. It can take place at the national,

³¹ GRI, “GRI Universal Standards 2021”, 2021.

³² Ibid.

	regional or at enterprise level. It can be inter-professional, sectoral or a combination of these'. ³³
Stakeholder engagement	An ongoing process of interaction and dialogue between a company and its stakeholders that enables the company to hear, understand and respond to their interests and concerns, including through collaborative approaches. ³⁴

Useful resources for guidance on meaningful stakeholder engagement	
Meaningful stakeholder engagement	<p>Guidance on 'meaningful stakeholder engagement' can be found in:</p> <p>OHCHR, "Guiding Principles on Business and Human Rights", 2011; Shift, "Meaningful Engagement with Affected Stakeholders", 2018; Shift, "Doing Business with Respect for Human Rights", n.d.; Australian National University, "Stakeholder participation: IAP2 public participation spectrum", n.d.; BSR, "Legitimate and Meaningful: Stakeholder engagement in Human Rights Due Diligence", 2014.</p> <p>As the GRI Universal Standards 2021³⁵ note, 'meaningful stakeholder engagement is characterized by two-way communication and depends on the good faith of participants on both sides. It is also responsive and ongoing, and includes in many cases engaging with relevant stakeholders before decisions are made'.</p>

JTI 2: Fundamentals of just transition planning

Expectations

Companies are expected to develop and implement just transition planning which respects and promotes workers', communities' and affected stakeholders' fundamental rights:

- Underpinning a company's just transition planning should be commitments to respecting human rights, protecting and promoting decent work and addressing existing and potential inequalities resulting from the low carbon transition.³⁶ Companies' just transition planning should therefore be aligned with international human rights standards, including the International Bill of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work, in particular the right to freedom of association and collective bargaining.³⁷
- Through ongoing social dialogue (see indicator 1), companies should develop robust, measurable and evidence-based just transition planning. This should be underpinned by both the goals of the Paris Agreement and the company's responsibility to respect human rights, and should reflect the agreed outcomes of bipartite and/or tripartite negotiations.³⁸ This planning should cover all business activities

³³ ILO, "What is Social Dialogue", n.d. Available at: www.ilo.org/ifpdial/areas-of-work/social-dialogue/lang-en/index.htm.

³⁴ WBA, "Social transformation framework", 2020.

³⁵ GRI, "GRI Universal Standards 2021", 2021.

³⁶ ILO, "Guidelines for a just transition towards environmentally sustainable economies and societies for all", 2015.

³⁷ BSR "Climate + the Just Transition: The Business Case for Action", 2018. Available at: www.bsr.org/reports/BSR_Climate_Nexus_Just_Transition.pdf.

³⁸ Concept of negotiated agreements is articulated in TUDCN-RSCD, "The contribution of Social Dialogue to the 2030 Agenda: Promoting a Just Transition towards sustainable economies and societies for all", 2019. Available at:

and consider both short and long-term objectives. For just transition planning to be effective, it should be aligned with broader government and stakeholder action on climate resilience.³⁹

- To ensure objectivity and that it assesses climate-related risks and opportunities facing workers and communities, just transition planning should be developed through meaningful and ongoing social dialogue and stakeholder engagement.⁴⁰ Meaningful collaboration between companies, workers, unions (or equivalent worker bodies where the right to freedom of association and collective bargaining is restricted under law) and, where necessary, governments, in the development and implementation of just transition planning allows companies to anticipate both the positive and negative impacts of decarbonisation and integrate learnings on an ongoing basis.⁴¹
- Effective just transition planning should include timebound and measurable indicators related to how the company will ensure the creation of green and decent jobs – i.e. jobs that provide a fair income, safe and reasonable working conditions, and the effective right to freedom of association and collective bargaining – as well as indicators on how the company will retain, redeploy and reskill workers, including vulnerable and marginalised groups, and manage the social impact of their activities on workers and communities by contributing to social protection⁴² (see further at indicator 3 and indicator 4 below). Social protection can address existing or potential inequalities resulting from the transition and drive investment in community economic renewal or diversification at the local, regional and national level.⁴³
- Responsibility for the just transition should lie at the highest level of decision making within the company structure (e.g. at board level) and the individual or committee with responsibility for it should have expertise on just transition issues.
- Companies should have a public expectation that their business relationships include measures to mitigate the social impacts of the just transition on workers, affected communities and business relationships in their own just transition planning.
- Companies should respect workers and communities' fundamental rights, which can include land and environmental rights, as well as the specific rights of vulnerable and marginalised groups. (For these indicators, we follow the definition of vulnerable groups mentioned above, which includes children and youth and indigenous peoples.)

The below indicator does not assess all of the expectations on companies but rather the elements of the expectations which are fundamental to their contribution to a just transition.

JTI 2	Fundamentals of just transition planning
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<https://www.ituc-csi.org/IMG/pdf/sdjt-final-en.pdf>. See also definition of bipartite and tripartite parties for social dialogue above on p 19.

³⁹ Just Transition Centre and The B Team, "Just Transition: A Business Guide", 2018.

⁴⁰ Ibid.

⁴¹ BSR "Climate + the Just Transition: The Business Case for Action", 2018.

⁴² Just Transition Centre and The B Team, "Just Transition: A Business Guide", 2018.

⁴³ ILO, "Guidelines for a just transition towards environmentally sustainable economies and societies for all", 2015.

Indicator	The company demonstrates low carbon transition planning which will mitigate the social impacts of the just transition on workers, affected stakeholders and its business relationships, and demonstrates social dialogue and stakeholder engagement in the development of its just transition planning.	
Indicator element(s)	<p>(a) The company demonstrates how it engages both in social dialogue - including with unions (or equivalent worker bodies where the right to freedom of association and collective bargaining is restricted under law) - and more broadly with stakeholders, in the development of its just transition planning.</p> <p>AND</p> <p>(b) The company has a set of time-bound, measurable indicators to mitigate the social impacts of the low carbon transition on workers.</p> <p>AND</p> <p>(c) The company has a set of time-bound, measurable indicators to mitigate the social impacts of the low carbon transition on affected stakeholders, including vulnerable groups.</p> <p>AND</p> <p>(d) The company has a set of time-bound, measurable indicators to mitigate the social impacts of the low carbon transition on its business relationships.</p>	<p>Indicator element guidance</p> <p>It is not necessary for the company to use the terms 'just transition' or 'plan'. However, the information disclosed by the company must show a link between the low carbon (energy) transition and the social impacts of this.</p> <ul style="list-style-type: none"> • Elements (b), (c) and (d) would be met if, for example, the company has one or more time-bound, measurable indicators to mitigate the social impacts of the low carbon (energy) transition on: <ul style="list-style-type: none"> ○ for (b), workers; for example, by quantifying the number of jobs (direct and contracted) it will create and where; ○ for (c), affected stakeholders, in particular communities, for example by quantifying how many community benefits funds it has and how much these will pay out; ○ for (d), business relationships, in particular consumers of low carbon energy and products, especially those affected by lack of access to low carbon energy. For example, by disclosing by when it will provide clean energy to a specific number of consumers.
Sources	Just Transition Centre and the B Team, "Just Transition: A Business Guide"; UNFCCC, "Just Transition of the Workforce, and the Creation of Decent Work and Quality Jobs"; WWF, "Toolkit for assessing effective Territorial Just Transition Plans Annex: Indicators for assessment"; WWF, "Toolkit for assessing effective Territorial Just Transition Plans"; Climate Action 100+ NetZero Company Benchmark; GRI 11: Oil and Gas Sector 2021, Disclosure 3-3 and S11.2.1.	
Scores available	The company must meet all four elements to score 2 points, three out of the four elements to score 1.5 points, two elements to score 1 point, one element to score 0.5 points and no elements to score 0 points.	
Weighting	Double weighting (4 points out of 16 available).	
Which ACT indicators and WBA Core Social	Just transition indicator 2 builds around the following WBA core social indicators (CSIs) and ACT indicators: CS1: Commitment to respect human rights	

Indicators does this Just Transition Indicator build around?	<p>CS2: Commitment to respect the human rights of workers CS3: Identifying human rights risk and impacts CS4: Assessing human rights risks and impacts CS5: Integrating and acting on human rights risks and impact assessments CS12: Collective bargaining fundamentals</p> <p>ACT: Indicator ‘low-carbon transition plan’.</p> <p>Just transition indicator 2 does not include requirements on formal policy commitments to human and workers’ rights or the fundamentals of human rights due diligence, as these are included in CSI 1-6. This indicator does not include an assessment of the company’s low carbon transition plan, which is included in the ACT assessments (ACT Oil & Gas indicator 5.3; ACT Electricity indicator 4.3; ACT Auto indicator 5.3).</p>
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JTI 3: Fundamentals of creating and providing or supporting access to green and decent jobs for an inclusive and balanced workforce

Expectations

Companies are expected to minimise the impact of employment dislocation caused by the transition to a low carbon economy by creating and providing or supporting access to green and decent jobs:

- To reduce the social impact that the transition to a low carbon economy can have on the workforce and communities, the private sector is expected to plan the creation and access to green and decent jobs in a way that generates employment opportunities that are considerate of and not at the expense of the livelihoods of workers in traditional sectors.
- Securing adequate and decent employment for the workforce and affected stakeholders is one of the biggest challenges in the transition. Therefore, there is an expectation that companies should commit to minimise the social and economic impact of the low carbon transition, by creating and providing or supporting access to new green and decent jobs that embed inclusivity and diversity.
- As part of the commitments to job creation, companies should: ensure that new jobs are decent – i.e. in line with the ILO decent work agenda – and promote the fundamental ILO core labour rights; create greater and equal opportunities across genders; enhance the coverage and effectiveness of social protection, provide fair income, incorporate Occupational Health and Safety; formalise work; and strengthen tripartism (between governments, workers’ and employers’ organisations) and social dialogue (see further at indicator 1). The integration of meaningful stakeholder engagement with workers, trade unions (or equivalent worker bodies where the right to freedom of association and collective bargaining is restricted under law) and communities into the decision-making processes concerning creating or supporting access to green jobs is fundamental. This will ensure that the priorities and preferences of these groups are considered in the generation of high quality and decent employment opportunities.
- Businesses should conduct an assessment and disclose their climate risks and opportunities, including risks of employment dislocation (where applicable), that their transition process might cause or contribute to. This assessment will provide the groundwork to determine the possible impacts on workers and communities and to understand the risks and opportunities for business in relation to employment-generation.
- To guarantee that access to decent work opportunities in sustainable industries is available to all, companies should incorporate different scenarios of reskilling and relocation opportunities for their workforce including change or relocation of occupations into new sectors, and education and multidisciplinary trainings to provide

the skills requested in new labour markets and to supply the high demand of technology knowledge in emerging roles⁴⁴ (see further at indicator 4).

- Companies should expect that their business relationships will work to minimise the impact of any employment dislocation caused by the transition to a low carbon economy, by creating and providing or supporting access to green and decent jobs (where relevant).

The below indicator does not assess all of the expectations on companies but rather the elements of the expectations which are fundamental to their contribution to a just transition.

JTI 3	Fundamentals of creating and providing or supporting access to green and decent jobs for an inclusive and balanced workforce	
Indicator	The company assesses and discloses risks of employment dislocation where relevant, and is committed to and takes appropriate action to create and provide or support access to green and decent jobs in a way which ensures gender balance and inclusion of vulnerable groups.	
Indicator element(s)	<p>(a) The company has a public commitment to create and provide or support access to green and decent jobs as part of the low carbon transition.</p> <p>AND</p> <p>(b) The company assesses and discloses the risks of employment dislocation caused by the low carbon transition and related impacts on workers and affected stakeholders.</p> <p>AND</p> <p>(c) The company demonstrates the measures it takes to create and provide or support access to green and decent jobs for workers and other affected stakeholders.</p> <p>AND</p> <p>(d) The company demonstrates the measures it takes to ensure that green and decent jobs embed equality of opportunity for women and vulnerable groups.</p>	<p>Indicator element guidance</p> <p>It is not necessary for the company to use the term ‘just transition’. However, the information disclosed by the company must show a link between the low carbon (energy) transition and the social impacts of this.</p> <ul style="list-style-type: none"> • To meet indicator element (a) the commitment must be explicitly within the context of the low carbon transition. The company can commit to create, promote or support green jobs, as this depends on the type of industry and the changes in the company’s activities as a consequence of the low carbon transition. • For element (b): <ul style="list-style-type: none"> ○ The company must have a clear process in place to identify job dislocation risks and impacts applicable for both stakeholder groups: its workforce (employees, non-employee workers) and communities. ○ Where the company has a global process to assess employment dislocation, it can be assumed that this approach is used in each particular location the company operates in.

⁴⁴ ILO, “Skills for a greener future: A global view based on 32 country studies”, 2019. Available at: www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/publication/wcms_732214.pdf.

		<ul style="list-style-type: none"> ○ Some of categories to be considered in the assessment (depending on their applicability) are: the number of new jobs created, new jobs created that absorb laid-off workers, jobs destroyed, and workers' ability or inability to relocate. ○ An example of the implementation of an employment dislocation risk assessment in a field location where the company operates would be sufficient to meet these elements. ○ If the company explains that it has no employment dislocation or the employment dislocation is not negative (e.g. low carbon electric utilities), it can still fully meet this indicator by satisfying elements (a), (c) and (d). <ul style="list-style-type: none"> • For element (c) and (d): <ul style="list-style-type: none"> ○ The company can provide at least one example of the measures taken in one location where the company operates. ○ To meet element (d), the company should demonstrate measures taken to create and provide or support green and decent jobs for workers at a minimum.
Sources	Just Transition Centre and The B Team, "Just Transition: A Business Guide"; LSE Grantham Research Institute and the Initiative on Responsible Investment, "Climate change and just transition: A guide for investor action"; UNFCCC, "Just Transition of the Workforce, and the Creation of Decent Work and Quality Jobs"; BSR and We Mean Business, "Climate + Just Transition, the Business Case for Action"; ILO, "Guidelines for a just transition towards environmentally sustainable economies and societies for all"; ILO, "Gender, labour and a just transition towards environmentally sustainable economies and societies for all"; ILO "World Employment and Social Outlook 2018: Greening with jobs. ILO "Centenary Declaration for the Future of Work", 2019.	
Scores available	The company must meet all four elements to score 2 points, three out of the four elements to score 1.5 points, two elements to score 1 point, one element to score 0.5 points and no elements to score 0 points.	
Weighting	Single weighting (2 points).	
Which ACT indicators and	Just Transition Indicator 3 builds around the following WBA Core Social Indicators (CSIs):	

WBA Core Social Indicators does this Just Transition Indicator build around?	CSI 2: Commitment to respect the human rights of workers CSI 9: Health and safety fundamentals CSI 10: Living wage fundamentals CSI 11: Working hours fundamentals CSI 12: Collective bargaining fundamentals CSI 13: Workforce diversity disclosure fundamentals CSI 14: Gender equality and women's empowerment fundamentals This draft indicator does not include the above elements, which are included in CSI 2, 9, 10, 11, 12, 13, and 14.
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Useful definitions	
Green jobs	<p>Green jobs are central to sustainable development and respond to global challenges of environmental protection, economic development, and social inclusion, hence this concept applies to all the sectors, industries and stakeholders accountable to build low carbon sustainable societies by joining efforts to create decent employment opportunities by enhancing resources efficiency.⁴⁵</p> <p>Decent jobs can contribute to preserving or restoring the environment, either in traditional sectors such as manufacturing and construction, or in new, emerging green sectors such as renewable energy and energy efficiency.⁴⁶</p>

JTI 4: Fundamentals of retaining and re- and/or up-skilling workers for an inclusive and balanced workforce

Expectations

Companies are expected to enable job creation, retention and redeployment through appropriate skills development and training:

- When creating just transition plans, companies should identify existing and potential skill, education and training gaps at regional and sectoral levels resulting from the low carbon transition.⁴⁷ This process should be objective and collaborative by involving all relevant stakeholders, and consider the specific skills gaps and barriers that vulnerable and marginalised groups face when entering or staying in the formal job market.
- As part of plans to mitigate the effect of the transition on employment, companies should include measurable indicators on how they will facilitate training and development to fill skills gaps, to avoid redundancies and prevent an increase in informal and insecure work. This should include training opportunities for up- and re-skilling and career management, as well as to learn new technologies and green business practices.
- Apprenticeships and traineeships which result in certification and access to employment, as well as life-long learning programs that ensure workers long-term employability, should be considered.

⁴⁵ ILO, "Green Jobs", n.d. Available at: www.ilo.org/global/topics/green-jobs/lang-en/index.htm.

⁴⁶ ILO, "What is a green job?", 2018. Available at: www.ilo.org/global/topics/green-jobs/news/WCMS_220248/lang-en/index.htm.

⁴⁷ WWF, "Toolkit for assessing effective Territorial Just Transition Plans", 2021.

- Companies should also assist unions (or equivalent worker bodies where the right to freedom of association and collective bargaining is restricted under law) and governments, as well as research and green technology institutes who play a key role in providing new job opportunities, by providing resources to develop and facilitate training and skills development. This should be underpinned by ongoing social dialogue between employers and unions to ensure workers' needs and voices are represented and the needs of all workers who are currently or have the potential to be impacted by the transition across sectors are considered.
- As noted in indicator 3, one of the aims of a just transition is to tackle existing inequalities within the workforce and beyond by investing in groups that are currently underrepresented in the formal economy. Companies' skills forecasting, planning and implementation should therefore ensure diversity, equal access to training and employment opportunities to workers at all levels, and be designed appropriately to include young people, women and vulnerable groups.
- Companies should publicly expect their business relationships to commit and take appropriate action to re- and/or up-skill workers displaced by the transition to a low carbon economy.

The below indicator does not assess all of the expectations on companies but rather the elements of the expectations which are fundamental to their contribution to a just transition.

JTI 4	Fundamentals of retaining and re- and/or up-skilling workers for an inclusive and balanced workforce	
Indicator	The company is committed to and takes appropriate action to re- and/or up-skill workers displaced by the transition to a low carbon economy in a way which ensures gender balance and inclusion of vulnerable groups.	
Indicator element(s)	<p>(a) The company has a public commitment to re- and/or up-skill workers displaced by the transition to a low carbon economy.</p> <p>AND</p> <p>(b) The company discloses its process(es) for identifying skills gaps for workers and affected stakeholders in the context of the low carbon transition, which involves engaging with unions (or equivalent worker bodies where the right to freedom of association and collective bargaining is restricted) and communities.</p> <p>AND</p> <p>(c) The company demonstrates the measures it takes to provide re- and/or up-skilling, training or education opportunities for workers and affected stakeholders.</p> <p>AND</p>	<p>Indicator element guidance</p> <p>It is not necessary for the company to use the term 'just transition'. However, the information disclosed by the company must show a link between the low carbon (energy) transition and the social impacts of this.</p> <ul style="list-style-type: none"> • For element (b): <ul style="list-style-type: none"> ○ To meet the element, the company's process(es) to identify skill gaps must be clearly linked to the low carbon transition. General education and/or reskilling programs without a just transition lens will not be sufficient to meet the indicator. ○ To meet the element, the company should identify the new skills needed for the workforce and other stakeholders considering: the context where the company operates, the local and regional labour market, workforce categories, existing

	(d) The company demonstrates the measures it takes to ensure that the re-and/or up-skilling, training or education opportunities embed equality of opportunity for women and vulnerable groups.	<p>education, skillsets and preferences, among other things.</p> <ul style="list-style-type: none"> For elements (c) and (d), some examples of measures are: <ul style="list-style-type: none"> Funding and/or provision of continuous and appropriate training services for workers and communities. Funding and/or support to Technical and Vocational Education and Training (TVET) institutions to be updated on the labour market skills demands and to provide suitable training in the skillsets and knowledge needed. Support and capacity provision to unions, vocational institutes, local development centres, financial and otherwise, to develop and provide appropriate educational and re-skilling programs and courses.
Sources	Just Transition Centre and The B Team, “Just Transition: A Business Guide”; ILO, “World Employment and Social Outlook 2018: Greening with jobs”; BSR and We Mean Business, “Climate + Just Transition, the Business Case for Action”; WWF, “Toolkit for assessing effective Territorial Just Transition Plans Annex: Indicators for assessment”; ILO, “Gender, labour and a just transition towards environmentally sustainable economies and societies for all” ; ILO “Skills for a greener future: a global view”.	
Scores available	The company must meet all four elements to score 2 points, three out of the four elements to score 1.5 points, two elements to score 1 point, one element to score 0.5 points and no elements to score 0 points.	
Weighting	Single weighting (2 points).	
Which ACT indicators and WBA Core Social Indicators does this Just Transition Indicator build around?	<p>Just Transition Indicator 4 builds around the following WBA Core Social Indicators (CSIs):</p> <p>CSI 13: Workforce diversity disclosure fundamentals CSI 14: Gender equality and women’s empowerment fundamentals</p> <p>This draft indicator does not include workforce diversity disclosure fundamentals, which is included in CSI 13. It also does not include gender equality and women’s empowerment fundamentals, which is included in CSI 14.</p>	

JTI 5: Fundamentals of social protection and social impact management for a just transition

Expectations

Companies are expected to contribute to social protection, pay fair taxes and to manage the impact of the low carbon transition on social protection in their just transition planning and related activities:

- Governments are primarily responsible for providing social protection for workers and communities. However, business plays a key role in contributing to social protection systems that can minimise harm caused by the low carbon transition and should fulfil their responsibility to respect the human rights of individuals regardless of the social protection context they operate in.⁴⁸
- Companies are expected to contribute to a just transition, and sustainable development more broadly, by paying fair taxes that provide governments with finance for the social protection required to ensure that the low carbon transition leaves no one behind.⁴⁹ For element (a), the company must also meet CSI 16 on responsible tax fundamentals which requires country by country tax reporting, but does not assess the ‘fairness’ of the taxes companies pay in terms of effective tax rates.
- Social protection in all forms should be factored in as part of company analysis, planning and action on the just transition and be underpinned by ongoing social dialogue. This means that companies should engage with workers and/or their representatives, as well as governments and communities where necessary, to identify the impacts of their transition activities on affected stakeholders and advocate for effective social protection measures to address them.
- In addition to paying fair taxes and supporting national social protection systems, companies should demonstrate how they identify the impacts of their low carbon transition activities on the social protection provided to workers, communities and their business relationships, taking into account the different contexts of the transition. They should disclose the results of the assessment and any additional social protection measures needed to address the impacts and minimise social harm. As part of this assessment, companies should consider the measures needed to provide social protection in countries in which they are operating that do not have adequate national social protection systems.
- Companies should contribute to addressing the loss in economic activity and revenue in communities that have historically relied on fossil fuels, by, for example, independently or in partnership with governments, setting up funds to provide grants or loans to the community or investing in initiatives to support community renewal.⁵⁰
- It is important that social protection programmes do not perpetuate existing inequalities between groups of workers and the community, for example, by benefiting workers only in formal employment, and therefore benefits should be tailored to suit the needs of specific groups.⁵¹ For this reason, companies should engage with stakeholders, particularly unions (or equivalent worker bodies where the right to freedom of association and collective bargaining is restricted under law), governments and other relevant stakeholders at the regional and national level, to understand how they can contribute to social protection policies and programmes that are inclusive of marginalised and vulnerable groups.⁵²
- Companies should publicly expect their business relationships to contribute to social protection through their contractual agreements, and work to support them in providing or enabling to provision of social protection to workers and other stakeholders affected by the low carbon transition.

⁴⁸ ILO, “Guidelines for a just transition towards environmentally sustainable economies and societies for all”, 2015. Available at: www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/documents/publication/wcms_432859.pdf.

⁴⁹ Just Transition Centre and The B Team, “Just Transition: A Business Guide”, 2018. Available at: <https://bteam.org/assets/reports/Just-Transition-A-Business-Guide.pdf>.

⁵⁰ Just Transition Centre, “Just Transition: A Report for the OECD”, 2017. Available at: <https://www.oecd.org/environment/cc/g20-climate/collapsecontents/Just-Transition-Centre-report-just-transition.pdf>.

⁵¹ UNRISD, “Why Human Rights-Based Social Protection is Needed in Climate Change Responses: A Just Transition”, 2019. Available at: socialprotection-humanrights.org/expertcom/why-human-rights-based-social-protection-is-needed-in-climate-change-responses-a-just-transition/.

⁵² Just Transition Centre, “Just Transition: A Report for the OECD”, 2017.

The below indicator does not assess all of the expectations on companies but rather the elements of the expectations which are fundamental to their contribution to a just transition.

JTI 5	Fundamentals of social protection and social impact management for a just transition	
Indicator	<p>The company describes how it identifies the impacts of the low carbon transition on social protection for workers and affected stakeholders and contributes to social protection in the contexts in which it operates.</p> <p>The company expects its business relationships to contribute to social protection.</p>	
Indicator element(s)	<p>(a) The company discloses its contribution to existing social protection systems for workers and affected stakeholders, and that it expects its business relationships to contribute to social protection of workers and affected stakeholders. (The company must also meet CSI 16 on responsible tax fundamentals.)</p> <p>AND</p> <p>(b) The company discloses its process(es) for identifying the impacts of the low carbon transition on workers' and affected stakeholders' social protection.</p> <p>AND</p> <p>(c) The company demonstrates how it contributes to addressing the impact of the low carbon transition on workers' social protection in the contexts in which it operates.</p> <p>AND</p> <p>(d) The company demonstrates how it contributes to addressing the impact of the low carbon transition on affected stakeholders' social protection in the contexts in which it operates.</p>	<p>Indicator element guidance</p> <p>It is not necessary for the company to use the term 'just transition'. However, the information disclosed by the company must show a link between the low carbon (energy) transition and the social impacts of this.</p> <ul style="list-style-type: none"> For element (a), (b) and (c), 'affected stakeholders' is referring to communities in the context in which the company operates. For element (a): <ul style="list-style-type: none"> The company should disclose how it supports national social protection systems, for example, by providing pensions or access to healthcare. This does not need to be specific to the low carbon transition, but can be how the company supports existing government systems more broadly or provides general benefits where no government system is provided. The company must disclose how, through its contractual agreements, it expects its business relationships to contribute to social protection [e.g. pensions and healthcare] for workers and communities. This could, for example, be through its supplier code of conduct or procurement principles. For element (b), the company could, for example, describe a social impact assessment it carried out when closing one of its plants.

		<ul style="list-style-type: none"> In order to meet element (c) and (d), the company should disclose measures it takes to contribute to closing the ‘social protection gap’ between existing social protection benefits provided through national systems and those specifically required to mitigate the impact of its low carbon transition activities on workers or communities, respectively. This can be met by one example in a location in which it operates. The company could, for example, provide job severance packages to workers who lose their jobs or create community funds to support the local economy.
Sources	Just Transition Centre and The B Team, “Just Transition: A Business Guide”; Just Transition Centre, “Just Transition: A Report for the OECD”; BSR and We Mean Business, “Climate + Just Transition, the Business Case for Action”; UNRISD, “Why Human Rights-Based Social Protection is Needed in Climate Change Responses: A Just Transition”; ILO, “Guidelines for a just transition towards environmentally sustainable economies and societies for all”; IHRB, “Just Transitions for All – Business, Human Rights and Climate Action”.	
Scores available	The company must meet all four elements to score 2 points, three out of the four elements to score 1.5 points, two elements to score 1 point, one element to score 0.5 points and no elements to score 0 points.	
Weighting	Single weighting (2 points).	
Which ACT indicators and WBA Core Social Indicators does this Just Transition Indicator build around?	<p>Just Transition Indicator 5 builds around the following WBA Core Social Indicators (CSIs):</p> <p>CSI 10: Living wage fundamentals CSI 16: Responsible tax fundamentals</p> <p>This draft indicator does not include living wage fundamentals, which is included in CSI 10. Element (a) is dependent on the company also meeting CSI 16 (responsible tax fundamentals) in full.</p>	

Useful definitions	
Social protection	‘Social security is a human right which responds to the universal need for protection against certain life risks and social needs. Effective social security systems guarantee income security and health protection, thereby contributing to the prevention and reduction of poverty and inequality, and the promotion of social inclusion and human dignity. They do so through the provision of benefits, in cash or in kind, intended to ensure access to medical care and health services, as well as income security throughout the life cycle, particularly in the event of

	illness, unemployment, employment injury, maternity, family responsibilities, invalidity, loss of the family breadwinner, as well as during retirement and old age. Social security systems therefore constitute an important investment in the well-being of workers and the community as a whole, and facilitate access to education and vocational training, nutrition and essential goods and services'. ⁵³
Social impact management	<p>Social Impact Assessment (SIA) includes the processes of analysing, monitoring and managing the intended and unintended social consequences, both positive and negative, of planned interventions (policies, programs, plans, projects) and any social change processes invoked by those interventions. Its primary purpose is to bring about a more sustainable and equitable biophysical and human environment.⁵⁴</p> <p>Guidance on social impact management can be found in: Frank Vanclay, "International Principles for Social Impact Assessment", 2003; International Finance Corporation, "The Social and Environmental Impact Assessment Process", n.d.; WBCSD, "Guidelines for Environmental & Social Impact Assessment", 2016.</p>

JTI 6: Fundamentals of advocacy for policies and regulation on green and decent job creation, employee retention, education and reskilling, and social protection supporting a just transition

Expectations

Companies are expected to advocate for policies and regulation that support a just transition and avoid undermining policies that are just transition-friendly:

- Both individually and through trade and employers' organisations, companies should advocate for governments to ensure strong just transition targets and policies and to invest in the development and dissemination of green technology and know-how, to help boost re-skilling and green job creation.⁵⁵
- Through social dialogue and stakeholder engagement, companies should advocate and collaborate for stronger collective action and policy alignment on just transition topics, including social protection; the creation of green and decent jobs for all; worker retention, education, reskilling and training; the formalisation of work; more inclusive labour markets; and technology development and dissemination.⁵⁶
- Companies should not finance industry or employers' associations that undermine just transition-friendly policies.
- Companies should conduct regular due diligence on the trade and employers' associations they support, and fully disclose the names of the associations, the alignment of their lobbying activities with policies and regulation that support the just transition and their actions plans to correct any misalignment.
- Decarbonisation policies are sometimes viewed as opposed to those designed to protect the security and livelihoods of workers and communities. None the less, in order to achieve a low carbon transition that is just, companies should use their influence and expertise to find solutions and drive policy-making that both maximises decarbonisation and social good.

⁵³ ILO, "International Labour Standards on Social Security", n.d. Available at:

<https://www.ilo.org/global/standards/subjects-covered-by-international-labour-standards/social-security/lang--en/index.htm>.

⁵⁴ Frank Vanclay, "International Principles for Social Impact Assessment", 2003. Available at:

https://www.socialimpactassessment.com/documents/0303%20Vanclay%20IAPA%20V21N1%20SIA%20International%20Principles_1.pdf.

⁵⁵ Just Transition Centre and The B Team, "Just Transition: A Business Guide", 2018.

⁵⁶ BSR, "Climate + the Just Transition: The Business Case for Action", 2018.

- Companies should publicly expect their business relationships to advocate for just transition policies and regulation.

The below indicator does not assess all of the expectations on companies but rather the elements of the expectations which are fundamental to their contribution to a just transition.

JTI 6	Fundamentals of advocacy for policies and regulation on green and decent job creation, employee retention, education and reskilling, and social protection supporting a just transition	
Indicator	<p>The company discloses any misalignment of its lobbying activities with policies and regulation that support the just transition and discloses the measures it takes to address misalignment.</p> <p>The company lobbies for policies and regulation for green and decent job creation; retention, education and reskilling; and social protection.</p>	
Indicator element(s)	<p>(a) The company discloses its process(es) for understanding the alignment of its lobbying activities with policies and regulation that support the just transition.</p> <p>AND</p> <p>(b) The company discloses where its lobbying activities do not align with policies and regulation that support the just transition.</p> <p>AND</p> <p>(c) The company discloses its action plan to address any misalignment of its lobbying activities with policies and regulation that support the just transition.</p> <p>AND</p> <p>(d) The company demonstrates that it lobbies, directly and/or through trade associations and/or employers organisations, for just transition policies and regulation that enable the generation of green and decent jobs and the retention, education and reskilling of workers and/or social protection of workers and affected stakeholders at the local or national and/or international level.</p>	<p>Indicator element guidance</p> <p>It is not necessary for the company to use the term ‘just transition’. However, the information disclosed by the company must show a link between the low carbon (energy) transition and the social impacts of this.</p> <p>This indicator assesses a company’s lobbying for policies and regulation that support the just transition, and therefore support for solely climate-friendly policies that do not include the social component will not be sufficient.</p> <ul style="list-style-type: none"> • In order to meet element (b), the company must provide details on the misalignment. It is not sufficient to identify misalignment without explaining what it is and why it exists. • The company will meet element (b) and (c) if it is able to demonstrate that all its lobbying activities are already aligned with policies and regulation that support the just transition. • To meet element (d), the company must demonstrate lobbying for green and decent job creation, plus either retention, education and reskilling, or social protection.
Sources	Just Transition Centre and The B Team, “Just Transition: A Business Guide”; ILO, “Guidelines for a just transition towards environmentally sustainable economies and societies for all”; LSE Grantham Research Institute and the Initiative on Responsible Investment, “Climate change	

	and just transition: A guide for investor action”; PRI, “Converging on Climate Lobbying: Aligning Corporate Practice with Investor Expectations”.
Scores available	The company must meet all four elements to score 2 points, three out of the four elements to score 1.5 points, two elements to score 1 point, one element to score 0.5 points and no elements to score 0 points.
Weighting	Single weighting (2 points).
Which ACT indicators and WBA Core Social Indicators does this Just Transition Indicator build around?	<p>Just Transition Indicator 6 builds around the following WBA Core Social Indicators (CSIs) and ACT indicators:</p> <p>CSI 18: Responsible lobbying and political engagement fundamentals</p> <p>ACT Indicators:</p> <p>‘Company policy on engagement with trade associations’</p> <p>‘Trade associations supported do not have climate-negative activities or position’</p> <p>‘Position on significant climate policies’</p> <p>This indicator does not include an assessment of a company’s stance on climate change and how the company expresses it in their engagement with policymakers and trade associations, which is assessed through the three ACT indicators listed above. To be assessed as low carbon aligned in an ACT assessment, the company (amongst other elements) must publicly commit to international low carbon commitments; and leads sectoral/cross-sectoral initiatives against climate change (e.g. is a founding member/main sponsor/spokesperson of the initiative).</p>

Useful definitions	
Advocacy	Any action by an individual or group that speaks in favour of, recommends, argues for a cause, supports or defends, or pleads on behalf of others. Advocacy includes but is not limited to activities and publications to influence public policy, laws and budgets by using facts, lobbying, use of relationships and media, and communications with government officials and the public and main aims are to influence decisions or awareness within political, economic and social institutions or wider society. ⁵⁷
Lobbying	Any direct or indirect communication with public officials, political decision makers or representatives for the purposes of influencing public decision making and carried out by or on behalf of any organised group.

Key issues relating to a just transition and how we acknowledge them

In this methodology we have developed fundamental, sector agnostic indicators that can be used to assess globally influential companies on their contributions to a just transition.

We are aware that the following issues are seen as a key aspect of achieving a just transition, and the reasons for their importance were highlighted by various stakeholder during our consultations. Below, we explain where they are addressed in these fundamental indicators and how we can address them in WBA’s work going forward.

⁵⁷ Alliance for justice, “What is Advocacy? Definitions and examples fact sheet.” 2016. Available at: mffh.org/wp-content/uploads/2016/04/AFJ_what-is-advocacy.pdf.

Communities

Many communities' economies and social fabric are dependent on the business activities of companies in high-emitting sectors. These communities are at particular risk of being left behind in the low-carbon transition. It is therefore important for companies to engage with communities in dialogue and to mitigate and manage the social impacts of the transition on them. In these sector agnostic fundamental indicators, communities are included in the term 'affected stakeholder' and we emphasise in the indicator guidance that affected stakeholders will include communities.

Access to energy

Providing universal access to modern energy services while significantly reducing dependency on carbon-based energy – as targeted by SDG 7 – requires active involvement from the private sector. WBA is therefore exploring how to assess companies on their contributions to this aspect of the decarbonisation and energy transformation.

In particular, the electric utilities sector can contribute to achieving SDG 7. For these fundamental indicators, to keep them sector agnostic, we have included JTI 2(d): *The company has a set of time-bound, measurable indicators to mitigate the social impacts of the low carbon transition on its business relationships*. We explain in the indicator element guidance that this means in particular the consumers of low carbon energy and products, especially those affected by lack of access to low carbon energy. We aim to explore further how to more fully assess companies' contributions to SDG7 going forward.

Transition minerals

The demand for transition minerals such as lithium, cobalt, copper and nickel is increasing as companies move towards producing the low carbon technology – such as electric vehicle batteries and solar panels – needed for the low-carbon transition. Respecting human and environmental rights in the mining operations that supply these minerals is therefore crucial.

In this methodology, we acknowledge the expectation that every company should expect its business relationships (including suppliers) to also have robust planning and social dialogue and stakeholder engagement on the just transition.

From 2022, we will explore the development of sector specific indicators, particularly in the automotive manufacturing, electric utilities, heavy machinery and electrical equipment and metals and mining sectors, which may assess companies' practices in relation to transition minerals more deeply. This may also be an area that WBA's [nature transformation](#) explores in its methodology development.

We will continue to work with our JTAG member from the Business and Human Rights Resource Centre (BHRCC), to explain WBA's just transition findings alongside the BHRCC's [Transition Minerals Tracker](#) findings and to maximise learnings for stakeholders.

Indigenous peoples

The Indigenous and Tribal Peoples Convention No. 169 (1989) provides for indigenous and tribal people to participate in decision-making. Indigenous and tribal people have a right to Free, Prior and Informed Consent (FPIC): to give or withhold consent to a project that may affect them or their territories.⁵⁸ Indigenous peoples are a key stakeholder for many sectors related to a just transition, but not necessarily all sectors.

⁵⁸ ILO, "Implementing the ILO Indigenous and Tribal Peoples Convention No. 169: Towards an inclusive, sustainable and just future." (2019). Available at: https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_735607.pdf.

Throughout these fundamental sector agnostic indicators, we use the term ‘vulnerable groups’ (as defined by GRI) which includes indigenous peoples. In indicator 1 on social dialogue and stakeholder engagement, we assess a company on whether it discloses the categories of stakeholders it engages with on the just transition, which can include vulnerable groups and, in indicator 2 on just transition planning, the company should have a set of time-bound, measurable indicators to mitigate the social impacts of the low carbon transition on affected stakeholders, including vulnerable groups. In indicators 3 and 4, companies are required to disclose that the green and decent jobs and re-skilling and education programs developed as part of the transition ensure the inclusion of these groups and provide them equal access these opportunities. In 5 and 6, vulnerable groups are not explicitly cited as a requirement for social protection or advocacy in the indicators, but they are included in the expectations under affected stakeholders. We have incorporated ‘vulnerable groups’ in this way in these fundamental sector agnostic indicators that are used to assess the contributions of keystone companies in high-emitting sectors to a just transition. We will explore how to assess companies in sectors with a high impact on indigenous peoples as we consider developing sector specific indicators from 2022. The Corporate Human Rights Benchmark, which is sector specific, has developed indicators relating to indigenous peoples that we can learn from.

Land and environmental rights

We explain that communities’ rights can be land rights and environmental rights in the expectations of indicator 2. Land rights and environmental rights are currently assessed as part of the Corporate Human Rights Benchmark and may also be an area that WBA’s nature transformation explores in its methodology development.

Child rights

Transition impacts children and youth in particular, especially as the next generation moves through education and into the economy. Throughout these fundamental sector agnostic indicators, we use the term ‘vulnerable groups’ (as defined by GRI), which includes children. In indicator 1 on social dialogue and stakeholder engagement, we assess a company on whether it discloses the categories of stakeholders it engages with on the just transition which can include vulnerable groups and, in indicator 2 on just transition planning, the company should have a set of time-bound, measurable indicators to mitigate the social impacts of the low carbon transition on affected stakeholders, including vulnerable groups. In indicator 3, the jobs created as part of the transition must be green and decent, therefore respecting child rights and guaranteeing fair wages and social protection for their families which contributes directly to their welfare. In addition, in indicator 4, the re-skilling and education programs created by companies to respond to the new labour market’s needs as requirement of indicator 4, must embed equality of opportunity for vulnerable groups, including children and young adults where relevant and applicable. In indicators 5 and 6, vulnerable groups are not specified in the company requirements related to social protection or advocacy in the indicators, but they are included in the expectations under affected stakeholders. We have incorporated ‘vulnerable groups’ in this way in these fundamental sector agnostic indicators that are used to assess the contributions of keystone companies in high-emitting sectors to a just transition. Child labour is currently assessed in the Corporate Human Rights Benchmark and we will explore how to assess companies in sectors with a high impact on child rights as we consider developing sector specific indicators from 2022.

Adaptation to climate change

Climate change is having far-reaching and devastating impacts through more extreme weather events, forest fires, coastal erosion and rising water salinity. It is already causing migration and loss of life. Even if we stay within the Paris Agreement temperature goals, our climate will change during this century and the impacts of that need to be managed. To contribute to this crucial area, we are also exploring how to assess and drive the private sector's contribution to adaptation to climate change. This may sit across multiple WBA transformations.

Climate change as a salient/key human rights issue

In accordance with the UN Guiding Principles on Business and Human Rights, businesses are responsible for respecting human rights which includes avoiding causing or contributing to adverse human rights impacts created by environmental impacts or harm. Companies are responsible for addressing such impacts when they occur through their own activities and seeking to prevent or mitigate adverse human rights impacts that are directly linked to their operations, products or services by their business relationships. Companies should comply with all applicable environmental laws, make clear policy commitments to meet their responsibility to respect human rights through environmental protection, implement human rights due diligence (including human rights impact assessments) to identify, prevent, mitigate and account for how they address their environmental impacts on human rights, and enable the remediation of any adverse human rights impacts they cause or contribute to through their impact on the environment.⁵⁹

WBA's core social indicators assess companies' approaches to respecting human rights in line with the UNGPs. The UNGPs do not prescribe what human rights risks are salient for a company, such as environment-related human rights risks. In the development of the just transition indicators, we consulted stakeholders on whether WBA should assess whether companies include climate change as a salient human rights risk in their due diligence processes. The right to a healthy environment is not yet enshrined in international human rights law, however, given the evolving international legal context, WBA is currently exploring how to incorporate the right to a healthy environment in its benchmarks more broadly, including in the nature benchmark. Please see the table at [Annex 1](#) for feedback received in the consultation.

Physical risk to business

As set out in the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD), companies and investors will be impacted by climate change through transition risk and physical risk. Through the ACT methodology, the WBA Climate and Energy Benchmark assesses [performance relevant to transition risk](#). We are exploring how to cover physical risk in our assessments going forward.

The road ahead

2021 assessments

180 companies in three high emitting sectors (oil and gas (100 companies) electric utilities (50 companies) automotive manufacturers (30 companies)) will be assessed on WBA's core social and just transition indicators. The assessment results are due in the fourth quarter of 2021 and will inform discussions on the road towards and at COP26.

The following deliverables are planned to support the 2021 assessments:

1. Just Transition Insights Report containing:
 - a. A comparison of performance of companies on their approach to decarbonisation versus their performance on the just transition indicators. Viewed graphically with a 'decarbonisation' and

⁵⁹ United Nations, "Report of the Special Rapporteur on the issue of human rights obligations relating to the enjoyment of a safe, clean, healthy and sustainable environment", 2018. Available at: [A/HRC/37/59 - E - A/HRC/37/59 -Desktop \(undocs.org\)](#).

‘social’ axis, this will enable stakeholders to understand firstly whether there is a correlation or disconnect between companies that are aligning with their low carbon pathway on the one hand and addressing social impacts of the decarbonisation and energy transformation on the other; secondly how companies compare to their peers and thirdly how sectors compare in terms of their maturity of approach overall.

We recognise the link between JTI 2 on just transition planning and the ACT methodology indicator on low carbon transition plan. We will synthesise the results for these two indicators and analyse whether there is any correlation in companies’ performance. We also recognise the link between JTI 6 on advocacy and the ACT methodology indicator on policy engagement. We will synthesise the results for these two indicators and analyse whether there is any correlation in companies’ performance.

- b. A table of company scores.
 - c. Bandings table showing range of scores.
 - d. Thematic analysis and general commentary on the findings of the assessment.
2. Company scores per indicator: Companies and other stakeholder will be able to see, via a link on the WBA Climate and Energy Benchmark page, how they score against each of the core social and just transition indicators. This will enable peer comparison, with companies and stakeholders able to see at a granular level where they are or are not yet contributing to a just transition.

Integration of just transition and core social into Climate and Energy Benchmark

From 2022, the three parts of the assessments will be combined to create the overall Climate and Energy Benchmark rankings. This means that the rankings of companies in each sectoral Climate and Energy Benchmark (CEB) will be generated by the overall scores the companies receive in the core social, just transition and ACT assessments combined.

In accordance with the approach across all WBA transformation benchmarks, the core social assessment results will represent at least 20% of the weighting/proportion of the combined CEB ranking score. We consulted stakeholders on the weighting/proportion that should be allocated to the just transition indicators and the majority of respondents suggested this should be 20%, with the core social indicators representing 20% and the ACT assessment representing 60%.

FIGURE 6: ACT INDICATORS, CORE SOCIAL INDICATORS AND JUST TRANSITION INDICATORS SCORING

We also consulted stakeholders on whether adding each of the ACT, core social and just transition scores together, or multiplying them, would produce the most meaningful and decision-useful comparison of companies' contributions. A small majority suggested adding. In our roundtable discussions, there was strong support for showing the scores in a disaggregated way, so that stakeholders could see which parts of the assessments generate the combined overall. This granularity was seen to contribute greatly to the assessment results being decision-useful. You can read further details of this feedback in [Annex 1](#).

Sector specific indicators

These sector agnostic indicators enable assessments of the fundamental actions required for high-emitting companies to contribute to a just transition. This just transition workstream is guided by the WBA social transformation framework, which aims to put people at the heart of our benchmarks by embedding the 'leave no one behind' principle in each of our transformation benchmarks.

These just transition indicators are specific to the decarbonisation and energy 'D&E' transformation. Our goal is to go deeper into the topics most relevant to the sectors benchmarked for D&E – the highest emitters and energy companies – to truly drive the D&E transformation in a way that leaves no one behind. We therefore aim to build on these fundamental six indicators in due course, to drive company contributions that are specific to each D&E sector, through sector specific indicators.

We consulted stakeholders on the possibility of developing sector specific indicators for further assessments from 2022 onwards. A vast majority of respondents support the development and application of sector specific indicators. You can read further details of this feedback in [Annex 4](#). We aim to explore the benefits of developing sector specific indicators in 2022 but will be informed by the findings of the first just transition assessment.

Annex 1: Overview of main feedback received

Feedback area/indicator	Feedback/Comment	Response/How the feedback has been addressed
General	The International Labour Organisation (ILO) Just Transition Guidelines provides an authoritative and global description of the just transition. The ILO lists, among others, the following examples of labour standards that are foundational to the Just Transition: freedom of association and the right to collective bargaining, prohibition of forced labour, child labour and non-discrimination, occupational health and safety, and minimum wage.	The ILO Just Transition Guidelines were a key authority when scoping the indicators and are referenced throughout the methodology. Companies are assessed on their commitment to respect of the ILO core labour standards, as well as other decent work criteria, in the core social indicators.
General	From the perspective of trade unions, the information and scoring on the topic of the just transition can be valuable if it clearly distinguishes the companies that are participating in social dialogue and upholding the right to freedom of association and collective bargaining from those that are not.	Companies are now assessed on social dialogue in just transition indicator 1 as well as their commitment regarding the ILO core labour standards and the fundamentals of collective bargaining in the core social indicators. Social dialogue was given greater emphasis in the final draft and now 'comes first' to signify its importance and the need to be in place before the just transition plans are built.
General	Give a much more active role to workers and communities, rather than them just being 'included' by companies in the steps that they take.	Indicator 1 requires the company to demonstrate meaningful engagement with workers and affected stakeholders, including communities. As the GRI Universal Standards 2021 ⁶⁰ note, 'meaningful stakeholder engagement is characterized by two-way communication and depends on the good faith of participants on both sides. It is also responsive and ongoing, and includes in many cases engaging with relevant stakeholders before decisions are made'.

⁶⁰ GRI, "GRI Universal Standards 2021", 2021.

Feedback area/indicator	Feedback/Comment	Response/How the feedback has been addressed
General	Several stakeholders recommended stronger integration of human rights in the framing of the methodology and a recognition that the renewable energy sector must also be sustainable in order to achieve the realisation of the SDGs and human rights.	This has been integrated into the framing of the methodology and linked to the core social indicators which assess companies' approach to respecting human rights as per the UNGPs.
General	Include best practice or guidance on how companies can implement a responsible approach to a just transition.	The expectations outline best practice on the topic and, along with the indicators, set out a roadmap for companies on how to contribute to the just transition.
(Ex.) Indicator 1 (planning)		
Question from consultation survey: We are trying to assess the fundamentals of a company's just transition plan, so should we broaden draft just transition indicator 1 from 'workers and communities' to cover the supply chain?		
(Ex.) Indicator 1 (planning)	Assessing planning for the supply chain/value chain. Some commented this is a lot to ask of companies, although necessary. Others highlighted it is imperative to include.	Element (d) on value chain coverage has been added to indicator 2 (which now covers planning).
Question from consultation survey: Should WBA only assess companies on just transition indicator 1 if they get above a certain score on the ACT low-carbon transition plan indicator?		
(Ex.) Indicator 1 (planning)	A majority of stakeholders advised against conditional scoring of JTI 1 (e.g. companies should only be assessed on JTI 1 if they score 25% or more on the ACT low carbon transition indicator).	We will not include this conditionality in the assessment, but plan to draw out comparisons of companies' scores on the just transition indicators and the ACT low carbon transition plan indicator to assess for correlation. See the road ahead section.
Question from consultation survey: Do you have any comments on the clarity, feasibility and usefulness of this indicator?		
(Ex.) Indicator 1 (planning)	Indicators could also consider elements such as: <ul style="list-style-type: none"> - responsibility for just transition planning (a person or a committee in charge for managing just transition or climate transition as a whole, provided it has clear mandate to cover just transition issues) - incentives in the remuneration schemes 	These have been added as expectations in (now) indicator 2.

Feedback area/indicator	Feedback/Comment	Response/How the feedback has been addressed
(Ex.) Indicator 2 (social dialogue and stakeholder engagement)		
Do you have any comments on the clarity, feasibility and usefulness of this indicator?		
(Ex.) Indicator 2 (social dialogue and stakeholder engagement)	Social dialogue is critical to ensure a just transition and is distinct from stakeholder engagement. Clarity about the distinction between social partners and stakeholders is essential.	The social dialogue and stakeholder engagement indicator was JTI 2, now it is JTI 1. Element (a) on social dialogue has been added to (now) JTI 1.
(Ex.) Indicator 2 (social dialogue and stakeholder engagement)	This indicator should include the need for due diligence process to complement the own company assessment to avoid possible flaws on self-reported indicators.	This has been added to the expectations.
(Ex.) Indicator 2 (social dialogue and stakeholder engagement)	Split the scoring among the different stakeholders considered. It doesn't seem to be possible to obtain points if the company discloses information about communities engagement, being the second most affected stakeholder. Employees and unions or equivalent worker bodies are the most impacted stakeholders, but the scoring shouldn't be limited to this stakeholder.	Affected stakeholders, which includes communities, have been added to the requirements of the indicator.
(Ex.) Indicator 2 (social dialogue and stakeholder engagement)	Include criteria for ensuring stakeholder groups are composed of racial and gender diversity to ensure that companies are not excluding populations from its engagement.	This has been added to the expectations.
(Ex.) Indicator 2 (social dialogue and stakeholder engagement)	Discussions take place with multiple local, national and international stakeholders on climate change, the energy transition, managing social and environmental impacts, developing local content in businesses, employment terms and conditions and many other topics. These discussions will take place as companies evolve their portfolios (whether towards renewables or lower-carbon activities), develop new businesses and improve energy efficiency. They may not be formally labelled as 'just transition', but they contribute to the objective of a just transition. How will the WBA account for this?	We have accounted for this in the methodology where we state that it is not necessary for the company to use the term 'just transition'. However, the information disclosed by the company must show a link between the low carbon (energy) transition and the social impacts of this.

Feedback area/indicator	Feedback/Comment	Response/How the feedback has been addressed
Just Transition Indicator 3		
Question from consultation survey: Should the commitment to create and/or provide or support access to green and decent jobs as part of the low carbon transition include a commitment to embed gender balance and to include vulnerable groups?		
Indicator 3	Vulnerable groups are the key, and therefore it is important that green and decent jobs include the creation of jobs which do not make these vulnerable groups less employable and do not reduce the quantum of accessible jobs as a result of a low carbon transition. The low carbon transition will only be successful if it includes fairly all vulnerable groups and does not reproduce existing gender stereotypes and inequalities.	The commitment to ensuring gender balance and inclusion of vulnerable groups has been incorporated in the wording of the general indicator and element 3(d), to emphasize the importance of inclusion of women and vulnerable groups and equal opportunity for them to access to green and decent jobs.
Indicator 3	The indicator could be captured using different language, as it needs to reflect inclusivity and diversity in all its forms. Rather than “embed gender balance” and “include vulnerable groups,” there is a suggestion to using more specific language to drive outcomes. Suggested language might be “commitment to prioritizing efforts towards women, people of colour, and other vulnerable groups” or “the company has adopted a quota to ensure racial and gender diversity”.	This has been included in the wording of indicator element 3(d). The requirement includes the terms “inclusion” and equal opportunities for women and vulnerable groups explicitly. Further specifications such as sub-groups of the vulnerable groups category have not been included in the indicator element as these are included in the definition of vulnerable groups in figure 3 – definitions.
Indicator 3	Priority should be to create a green and decent job for the person with the best profile or with the best ability to cover it. If a company already has made commitments to promote gender-based policies and includes non-discrimination as part of its principles of action, it is not necessary to have specific gender-based commitment related to just transition. A company might have two independent commitments to ensure: 1. employees’ long-term employability through training, upskilling, career management and 2. diversity and non-discrimination.	Gender equality and non-discrimination commitments are fundamentals that are assessed in the core social indicators (CSI 2 and CSI 14). For the assessment of this indicator, these policies will be considered in the assessment, however, the implementation of these policies within the context of the low carbon transition must be clear .

Feedback area/indicator	Feedback/Comment	Response/How the feedback has been addressed
Question from consultation survey: With draft just transition indicator 3, we aim to enable an assessment of such companies' contributions on the green and decent jobs aspect of a just transition, while also enabling an assessment of companies in industries where green and decent jobs will be created. Does the wording 'create and/or provide or support access to' allow for an assessment of companies in both situations?		
Indicator 3	The wording may weaken the indicator all together. It might be problematic to compare different sectors in this indicator as some companies will easily show this (because of industry or political environment etc) while others cannot. For instance, a company A that is forced to shrink employment because of oil and gas phase out that creates green and decent jobs will be ranked the same as company B that is forced to shrink employment because of oil and gas phase out that support access to green and decent jobs.	The wording "where relevant" has been added to the indicator to differentiate the applicability of each term (creation, provision or support) depending on the company's sector and the nature of the changes generated by the transition. WBA acknowledges the differences between these terms and the complexity of their specific implementation in these fundamental agnostic indicators. Therefore, the development of sector specific indicators to tackle this matter will be considered in the future.
Indicator 3	Companies should be assessed on whether they have presented their record on the issue. In the indicator they are asked to 'demonstrate the measures', but they need to report as to how successful those measures have been (and what they are doing about measures which are not successful). So, what % of jobs need to be transitioned and what % of those have been successful within the company/within the sector/in comparison to other industries etc.	Some of these criteria/categories have been included in the guidance of the element 3(b). The indicator aims to assess the most fundamental and agnostic requirements of a company's commitment, identification of job dislocation and measures taken to generate and support the creation of green and decent jobs in general. Therefore, specific requirements about the disclosure of quantitative indicators to measure the progress in the generation of green and decent jobs in element 3(c) were not included in this initial methodology.
Question from consultation survey: Should WBA therefore only assess companies on just transition indicator 3 if they meet or partially meet CSI 2 and 9-14?		
Indicator 3	WBA should benchmark all companies on the just transition indicators regardless of whether they score well on the core social indicators to avoid creating data gaps. Assessing sectors and companies that struggle to demonstrate they create decent jobs will signify the importance of considering the just transition in tandem with the requirement to create decent jobs.	This approach has been adopted. Indicator 3 (and other indicators) are built on some of the core social indicators. WBA will independently assess all the indicators of the just transition methodology to avoid data gaps and generate more comprehensive insights about the findings.

Feedback area/indicator	Feedback/Comment	Response/How the feedback has been addressed
Question from consultation survey: Should a supplementary description of ILO-level best practice be added, to enable an assessment of those practices in such regions? If yes, what should this description include?		
Indicator 3	The methodology should outline the baseline expectations of best practice defined by the ILO and standard for the eight ILO core conventions regarding freedom of association and right to collective bargaining; non-discrimination and equal pay for equal work; elimination of forced labour and child labour. Alignment to existing standards, such as the UNGP Reporting Framework and UNGP 12, would be helpful for consistency. We encourage indicators that emphasize outcomes and practices, not only policies.	The ILO fundamental rights at work, collective bargaining and freedom of association fundamentals are included as part of the requirements of the core social indicators. The ILO fundamental rights at work have been included in the sources of the indicator 1 of this methodology and general ILO publications recommended in the feedback for this indicator have been added in the relevant sources of the just transition indicator 3.
Question from consultation survey: Do you have any comments on the clarity, feasibility and usefulness of this indicator?		
Indicator 3	This indicator should measure stakeholder collaboration with relevant actors including educational centres (i.e. schools, universities, TVET centres etc.).	This recommendation has been included as part of the requirements of indicator element 1(c). The specific mention of engagement, funding and support to TVET centres as part of the potential measures taken by companies to ensure education and re-skilling programs has been included in the guidance for indicator element 4(c).
Indicator 3	Need to specify further what decent jobs mean - what category of jobs are you looking at? Are you just looking at labour jobs or at all new jobs created (in tech, management, etc.). Is it a larger workforce number that you are looking at in respect to gender or just labour jobs?	A definition of green and decent jobs in the context of this methodology has been included.
Just Transition Indicator 4		
Question from consultation survey: Should the commitment to re- and/or up-skilling workers include a commitment to embed gender balance and to include vulnerable groups?		
Indicator 4	A commitment to re- and/or up-skilling should explicitly include vulnerable groups (ethnic minorities, women, people with disabilities). The guidelines should be customised based on culture and ethnicity of country workforces. Migrant workers will need specific guidelines.	Ensuring gender balance and inclusion of vulnerable groups has been incorporated in the wording of the general indicator and element 4(d), to emphasise the importance of the inclusion of women and vulnerable groups and ensure that they have equal opportunity to access re- and/or up-skilling, training or education opportunities.

Feedback area/indicator	Feedback/Comment	Response/How the feedback has been addressed
Question from consultation survey: Do you have any comments on the clarity, feasibility and usefulness of this indicator?		
Indicator 4	The methodology should include a disclosure about how training and skills development are going to be funded in the expectations.	This has not been included in the indicator to keep its requirements fundamental in this first pilot just transition methodology. However, funding of education and re-skilling programs/services, TVET institutions, union vocational institutes and local centres for the development of re-skilling programs has been included as potential measures to provide educational, re- and/up skilling programs in the guidance for the assessment of elements 4(c) and 4(d).
Indicator 4	Ask specifically for the % of local labour used vs. the importation of labour from other markets.	This recommendation has not been integrated into the indicator requirements since the indicator measures the most fundamental and agnostic requirements for education and re-skilling in the low carbon transition. This recommendation will be considered for future revisions of the just transition methodology.
Indicator 4	Indicator element 4(a) should be a policy rather than a public commitment. The indicator should look also at board competence, assessing training on the just transition received by company leaders (up-skilling leadership as part of the workforce on the just transition).	At the moment, the indicator element will remain as public commitment in this first just transition methodology. WBA acknowledges that policy commitments are signed off at the highest level of the organization which signifies a greater commitment and therefore the change from public commitment to a policy will be considered in future. Due to the fundamental level of the methodology, further requirements about specific skills to be considered and the assessment of board competences are not included in the methodology.

Feedback area/indicator	Feedback/Comment	Response/How the feedback has been addressed
Just Transition Indicator 5		
Question from consultation survey: Given that these draft indicators contain fundamental actions required by companies, does the wording 'in the contexts it which it operates' ask too much of companies?		
Indicator 5	Companies that are conducting business and human rights due diligence should have an understanding of the social protection systems in the contexts from which they source through their supply chains.	The requirement on a company to understand the social protections systems in its supply chain is included as an expectation, not in the indicator at this point. However, in element 5(a), the company is required to expect its business relationships to contribute to social protection of workers and communities, as a fundamental first step to addressing the social protection needs in its supply chain.
Question from consultation survey: If it does ask too much, would it be more feasible and meaningful to instead require two examples in which the company demonstrates how it contributes to social protection in the contexts it which it operates?		
Indicator 5	Requiring companies to disclose only examples of measures would encourage a cherry picking approach, and companies should be expected to guarantee social protection across their operations.	In element 5(a), the company is required to demonstrate how it contributes to national social security systems in a broad sense, and in element (d), the company is required to disclose at a minimum two examples of how it is addressing the additional social protection needs specific to the context of their transition activities, to fill the gap. This is recognising that most companies are not able to guarantee social protection across their entire operations, but they should be taking steps towards doing so by first assessing the impact of the transition and then taking measures to address them in the specific contexts.
Question from consultation survey: Do you have any comments on the clarity, feasibility and usefulness of this indicator?		

Feedback area/indicator	Feedback/Comment	Response/How the feedback has been addressed
Indicator 5	Include the responsibility for community impacts such as pollution and waste within the scope of social protection as well as the responsibility to address tax revenue losses in the community.	In the indicator, companies are assessed on how they identify and address their impacts on communities, which could include loss of tax revenue. At this point, however, given the fundamental nature of the indicators, we do not stipulate what those impacts and measures should be. We would expect the measures the company implements to address the impacts it identifies in its assessment, so if the company identifies pollution or loss of revenue as an impact, it should demonstrate measures it takes to address them.
	Workers' representatives want to know if there should be included anything on portability of social protection entitlements in situations of cross-border displacement.	At this point, considering this is an assessment of the fundamentals of social protection for a just transition and the indicator does not stipulate what kind of impacts, in this case cross border displacement, the company should be identifying and addressing, the portability of entitlements is not specifically addressed.
Just Transition Indicator 6		
Question from consultation survey: Is the scope of the element (b) comprehensive enough to assess advocacy for just transition policies? Are there any other just transition topic(s) that should be included in element (b)?		
Indicator 6	Do we look at company impact on communities' tax base?	In indicator 5, the company is assessed on how it identifies and addresses the impacts of the low carbon transition on communities, but it does not go into the specifics of community tax bases. Element (a) does require core social indicator 16 to be met, which includes a requirement on country by country tax reporting.
	Disclosure of data on jobs lost, jobs created, wage metric are crucial.	In indicator 3, the company is required to disclose how it assesses and discloses the risks of employment dislocation caused by the low carbon transition and related impacts on its workers and affected stakeholders, but the indicator does not go into this depth.

Feedback area/indicator	Feedback/Comment	Response/How the feedback has been addressed
	A stakeholder was concerned that the indicator assumes that a company should always advocate for and support all of the 'just transition' policies and regulation that a country's government might introduce where they might not be fit-for-purpose.	This indicator assesses the steps a company is taking to align its lobbying activities with just transition policies and regulation, by disclosing how it understands and addresses any misalignment. In doing so, a company can provide details on how fit-for-purpose policies and regulation are, and any steps it is taking to address this, via, for example, stakeholder engagement. This allows a company to disclose how it uses its influence to shape policymaking to align with just transition targets and contributes to addressing potential conflicts between climate and social policies and regulation.
Question from consultation survey: Do you have any comments on the clarity, feasibility and usefulness of this indicator?		
Indicator 6	A minimum threshold should be met on the ACT lobbying indicator to achieve JTI 6.	This is being considered as part of the integration of scores in 2022.
Scoring		
Question from consultation survey: Which of the two options best reflects the relative importance of company contributions to the social (just) elements of the decarbonisation transition, ensuring a fair and meaningful comparison of companies across various high emitting sectors?		
Scoring (overall)	<p>In the survey the two options were a final score made up as either:</p> <p>Combined score = ACT (60%) + Just Transition (20%) + Core Social (20%)</p> <p>or</p> <p>Combined score = ACT (70%) + Just Transition (10%) + Core Social (20%)</p> <p>Over three times as many respondents voted for the 60-20-20 combination above.</p>	A decision will be made on the scoring for the integration of the assessments in 2022.
Weighting		
Question from consultation survey: Which of the two options (additive formula or multiplier) produces the most meaningful and decision-useful representation of company contributions to a just decarbonisation transition, ensuring a fair and meaningful comparison of companies across various high emitting sectors?		

Weighting	<p>In the survey: 1.5 times as many stakeholders voted for Option A as Option B.</p> <p>Option A: Additive formula - e.g.: ACT score (XX/70%) + Just Transition score (XX/10%) + Core Social score (XX/20%) = XX%</p> <p>Option B: Multiplied formula - e.g.: ACT score (XX/70%) x (JT+CSI score XX/30%) = XX%</p> <p>In the roundtables there were several arguments made for the adding approach including:</p> <ul style="list-style-type: none"> • Not all stakeholders look at the underlying data rather than the scores, but a lot of investors will only look at the final scores (so a 0 would just be a 0). • Investors see composite scores as less helpful so would want to see the scores for different indicators. • Multiplying would exclude a number of companies, and not multiplying could lead to a broader range of data points. • Seeing the scores separately would make the business case clearer. • Efforts could be hampered if you have one score that can't be disaggregated. • Being able to demonstrate the value and progress helps argue why they have value – this is at risk by showing persistently low scores. • Seeing the scores separately would allow them to highlight good and poor social practice without being lumped in with other scoring. • It is easier internally as teams are often separate. • It is better to move the dial in the industry rather than just rewarding those who are doing well across the board. 	<p>A decision will be made on the weighting for the integration of the assessments in 2022.</p>
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Feedback area/indicator	Feedback/Comment	Response/How the feedback has been addressed
	<p>Arguments for the multiplying approach included:</p> <ul style="list-style-type: none"> • Adding hides bad performance in one part of the assessment and it will limit insight into how the final score was reached. • Adding is making the argument internally that it not possible to do one without the other, but still trying to tell the story on the social side. 	
Climate change as a salient/key human rights issue in due diligence		
Question from consultation: Should WBA assess whether companies include climate change as a salient/key human rights issue in its due diligence process, for example: 'The company recognises climate change as a salient/key human rights issue in its human rights due diligence process'?		

Climate change due diligence	<p>The proposal received support from various stakeholders, who noted:</p> <ul style="list-style-type: none"> • Given the major contribution companies being assessed make to climate change, they are likely to have climate-related human rights impacts both at present and as they transition. • This is the push in the EU. • Climate and weather change affects worker safety. • There aren't strong enough protections for environmental damage impact on communities so we need to account for environmental human rights impacts. <p>Some stakeholders said we should not do this, because:</p> <ul style="list-style-type: none"> • The concept is covered sufficiently in context of transition for workers, community and supply chain. • Human rights risks and impacts can often be attributed to a particular actor (e.g. a company may affect local residents' right to clean water) so attributing responsibility for global human rights impacts related to climate change to a given company's activities is considerably more problematic and the proposed assessment does not seem appropriate. Nevertheless, companies may, when assessing and addressing human rights risks associated with their activities, take into account current and projected effects of climate change. • It should be included but in the future when there's been time to refine and reflect on the assessment. Climate change and air pollution should be considered with separate responses for each. 	<p>Given the international legal context and the complexity surrounding the corporate responsibility to respect the right to environmental health, WBA is considering how best to incorporate this into its benchmarks more broadly, including in the nature benchmark.</p>
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Annex 2: Who participated in the consultations

Organisations represented at the multistakeholder and investor roundtables include:

- Africa investor (Ai)
- African Climate Foundation
- Amundi AM
- Aquatic Life Institute
- BP
- Business and Human Rights Resource Centre
- Calvert Research and Management
- CBGA Robson LLP
- CDC Group
- Ceres
- EdenTree Investment Management
- ExxonMobil
- Fair Wear Foundation
- FILE Foundation
- FMO Entrepreneurial Development Bank
- GRESB
- Institute of Environmental Science and Technology (ICTA-UAB)
- IHS Markit
- International Labour Organisation (ILO)
- Impact Management Project (IMP)
- Impact Investing Institute
- Interfaith Center on Corporate Responsibility
- International Organisation of Employers
- Investor Advocates for Social Justice
- International Petroleum Industry Environmental Conservation Association (ipieca)
- Jobs to Move America
- Kepler
- Kite Insights
- Lancaster University Management School
- Laborers' International Union of North America (LIUNA)
- London School of Economics
- M&G plc
- Marathon Oil
- Ministerio de Energía
- M-Trust leadership
- National Business Initiative
- Occidental
- Okta
- Origin Energy
- Porticus
- Principles for Responsible Investment
- REPSOL
- Rights CoLab
- Sustainability Accounting Standards Board (SASB)
- Scottish Government
- Shell
- Suncor Energy
- Sustainable Hospitality Alliance
- The J.W. McConnell Family Foundation
- The Social Investment Consultancy Africa
- TOTAL SE
- Trafigura
- UN Principles for Responsible Investment (PRI)
- Vigeo Eiris
- We Mean Business

Organisations represented at the civil society roundtable included:

- Oxfam
- International Federation for Human Rights (IFHR)
- African Climate Foundation
- The Global Initiative for Economic, Social and Cultural Rights (GI ESCR)
- Business & Human Rights Resource Centre (BHRRC)
- Earth Works
- Southern Voice
- Espacio Público

Annex 3: Just Transition Advisory Group members

As of July 2021, the below list shows the membership of WBA's Just Transition Advisory Group (JTAG):

- Jessie Cato, Business and Human Rights Resource Centre (BHRRRC)
- Sam Harris, Business for Social Responsibility (BSR)
- Cynthia McHale, Ceres (part of Climate Action100+ (CA100+))
- Christina Herman, Interfaith Center on Corporate Responsibility (ICCR)
- Nick Robins and Sabrina Müller, Grantham Research Institute on Climate Change & the Environment
- Scott Jerbi, Institute for Human Rights and Business (IHRB)
- Laura Kelly, International Institute for Environment and Development (IIED)
- Mette Lund, Just transition and green jobs expert
- Samantha Smith, Just Transition Centre - International Trade Union Confederation (ITUC)
- Emily Hickson, The B Team
- Professor Dev Nathan, Institute for Human Development
- Robert Marinkovic, International Organisation of Employers (IOE)
- Hubert Danso, Africa Investor (Ai) Group
- Juan Luis Dammert and David Manley, Natural Resource Governance Institute

Annex 4: Potential sector specific indicator topic areas

In the consultation period we posed the following:

The WBA Climate and Energy Benchmark currently assesses companies in the oil and gas; electric utilities; and automotive manufacturing sectors. In the future, the benchmark will assess companies in the transport; construction and real estate; heavy machinery and electrical equipment; and metals and mining sectors. Our scoping research and consultations showed that we should create sector-specific indicators, in addition to the fundamental indicators presented in the draft methodology. Do you agree? If yes, please note some topics for which sector-specific indicators should be developed.

The vast majority of stakeholders support the development of sector specific indicators. We received the following feedback from our online survey and in our consultation roundtables in support of developing sector-specific indicators:

- "We agree we think that sector specific indicators could be important here."
- "Sector-specific indicators, in addition to the fundamental indicators presented are vital to recognize and identify their contribution to their own targets."
- "This is where supply chain difference might come in - the impact of JT plans on own operations vs. the leverage/impact a company has in its supply chain. However, the six indicators are a good start and should be applied to all these industries in the first instance."
- "WBA should look to include sectors that have high levels of employment in the areas most impacted by climate change – outdoor workers who work in extreme heat and agricultural workers for example."

Sector	Stakeholder feedback on potential future indicator topic areas
Multiple sectors	<ul style="list-style-type: none"> In some cases - extractives, perhaps electricity - communities will be receiving royalties or profit shares of some sort because of their land rights. If these drop or disappear, as they will (& should) in many cases, the Just Transition Plan needs to address the impact - this is over and above jobs.
Automotive	<i>No feedback received yet.</i>
Electric utilities	<ul style="list-style-type: none"> Role of regulator (supportive versus unsupportive). RLAM created a sector-specific expectation document for energy utilities which can be further developed. https://www.rlam.co.uk/institutional-investors/our-views/2020/expectations-for-energy-utilities-just-transition-strategies/. RLAM have been engaging with electric utilities for over a year now. They outline their investor expectations on utilities and see some nuance on how companies in particular sectors can adjust their low carbon transition to avoid social friction.
Oil and Gas	<i>No feedback received via consultations.</i>
Transport	<i>No feedback received via consultations.</i>
Real Estate/Construction	<p>Real estate:</p> <ul style="list-style-type: none"> Role of tenants. Energy efficiency. Public spaces. Waste segregation. <p>Construction:</p> <ul style="list-style-type: none"> Supply chain versus direct employees. Everything is subcontracted, clients driven/owner driven.
Metals and Mining	<ul style="list-style-type: none"> Yes, the role of automation, feasibility of reskilling and job replacement; in mining plans for large scale as well as artisanal mining; reclamation and close out of facilities; consideration of relevant public policy that might affect the pace of the transition for companies working in international contexts; engagement with Indigenous communities may be more relevant for mining. Consideration of relevant public policy for companies working in different [jurisdictions]. Metals and mining and construction can be prioritised as they already have important unresolved social issues and are relatively more worker intensive. For extractives – it would be interesting to point out if they are in an actual conflict with communities as a red flag. Check on this from the other side as the methodology looks for information coming from companies.
Heavy machinery and electrical equipment	<i>No feedback received via consultations.</i>
Other	<ul style="list-style-type: none"> Retail/Retailing sector. Electronics manufacturers. Certain renewables subsections – e.g. solar panel manufacturers and how they are addressing non recyclability of solar equipment, battery manufacturers and others in the supply chains of electrified transport.

Annex 5: Materials reviewed to develop just transition indicators

WBA and Climate Action 100+ Net Zero Company Benchmark: working together on just transition indicators

The WBA and Climate Action 100+ (CA100+) teams are working together to input into each other's just transition indicator development processes. Cynthia McHale from CA100+ is part of the WBA Just Transition Advisory Group and WBA is part of the CA100+ Just Transition Indicator Group.

In developing the WBA draft just transition indicators, we have endeavoured to build on and complement the work of CA100+ so far, for example, WBA's just transition methodology includes all of the Just Transition Principles included in CA100+'s Benchmark which are identified as the key elements required for a robust company policy on the just transition.

WBA's draft just transition methodology is the first of its kind and is expected to be a leading resource for other initiatives. Going forward, once the CA100+ just transition indicator(s) are developed and publicly available, WBA will explore publishing a mapping of the WBA and CA100+ just transition indicator(s).

Black font = materials reviewed to develop the core social indicators

Green font = additional materials reviewed to develop the just transition indicators

Principles and normative standards

- International Labour Organization conventions:
 - Freedom of association and the effective recognition of the right to collective bargaining (Convention No. 87 and No. 98)
 - Effective abolition of child labour (Convention No. 138 and No. 182)
 - Elimination of all forms of forced and compulsory labour (Convention No. 29 and No. 105)
 - Elimination of discrimination in respect of employment and occupation (Convention No. 100 and No. 111)
 - Occupational safety and health (Convention No. 155)
 - Resolution concerning sustainable development, decent work and green jobs
 - Working hours (Convention No. 1, No. 14 and No. 106)
- Organisation for Economic Co-operation and Development:
 - OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (1997)
 - OECD Due Diligence Guidance for Responsible Business Conduct (2018)
 - OECD Guidelines for Multinational Enterprises (2008)
 - OECD Inclusive Framework on Base Erosion and Profit Shifting
- United Nations:
 - Gender Dimensions of the Guiding Principles on Business and Human Rights (2019)
 - Guiding Principles on Business and Human Rights (2011)
 - Human Rights Indicators: A Guide for Measurement and Implementation (2012)
 - International Covenant on Civil and Political Rights (1966)

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- Sustainable Development Goals (2015)
- Convention on the Elimination of All Forms of Discrimination Against Women (1979)
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- Convention on the Rights of the Child (1989)
- Universal Declaration of Human Rights (1948)
- UN Global Compact:
 - Ten Principles of the UN Global Compact (2018)

Corporate reporting frameworks, disclosure initiatives and benchmarks

- Assessing low Carbon Transition (ACT) Auto, Electric Utilities and Oil and Gas methodologies
- Climate Action 100+ Net-Zero Company Benchmark
- BankTrack Human Rights Benchmark
- B-Lab SDG Action Manager
- Consumer Goods Forum Sustainability Supply Chain Initiative
- Future-Fit Business Benchmark
- GRI - Oil & Gas Sector Standard 2021
- KnowTheChain
- Platform Living Wage Financials
- Ranking Digital Rights
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- United Nations Guiding Principles Reporting Framework
- WBA Corporate Human Rights Benchmark methodologies
- WBA Digital Inclusion Benchmark methodology
- WBA Gender Benchmark methodology
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- Fair Wear Foundation Labour Standards
- Frank Vanclay - International Principles for Social Impact Assessment
- Future-Fit Business Benchmark BE21 – The right tax is paid at the right time
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- **IHRB – Connecting the Just Transitions and Business and Human Rights Agendas**
- **ILO - Guidelines for a just transition towards environmentally sustainable economies and societies for all**
- **ILO – Implementation Plan 2030 Agenda for Sustainable Development**
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- [WWF – Toolkit for assessing effective Territorial Just Transition Plan](#)

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